

M&T BANK CORP  
Form PREM14A  
October 16, 2002

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**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934**

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> x Preliminary Proxy Statement                        | <input type="checkbox"/> o Confidential, for Use of the Commission Only<br>(as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> o Definitive Proxy Statement                                    |   |
| <input type="checkbox"/> o Definitive Additional Materials                               |   |
| <input type="checkbox"/> o Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12 |   |

M&T BANK CORPORATION

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, If other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- o No fee required.
- x Fee computed on table below per Exchange Act Rules 14a-6(l)(1) and O-11.

- (1) Title of each class of securities to which transaction applies: (i) common stock of M&T Bank Corporation ( M&T ), par value \$0.50 per share ( M&T Common Stock ), to be issued to Allied Irish Banks, p.l.c. ( AIB ), in connection with the transaction; and (ii) common stock of Allfirst Financial Inc., without par value ( Allfirst Common Stock ), to be acquired by M&T in the transaction.
- (2) Aggregate number of securities to which transaction applies: (i) 26,700,000 being the maximum number of shares of M&T Common Stock to be issued to AIB in the transaction; and (ii) 597,763 being the maximum number of shares of Allfirst Common Stock to be acquired by M&T in the transaction.
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): The book value of all the shares of Allfirst Common Stock is \$1,780,747,713.00 (computed as of the latest practicable date prior to the date of this filing). The filing fee of \$163,829.00 is calculated in accordance with Rule 0-11(c)(1) under the Exchange Act and SEC filing fee requirements for transactional filings pursuant to the Exchange Act as \$92 per \$1,000,000 of the aggregate offering amount.
- (4) Proposed maximum aggregate value of transaction: \$1,780,747,713.00
- (5) Total fee paid: \$163,829.00

o Fee paid previously with preliminary materials.

o

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, schedule or registration statement no.:

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(3) Filing party:

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(4) Date filed:

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First mailed to M&T Shareholders on or about [                      ], 2002

[M&T Letter to Shareholders]

**M&T BANK CORPORATION**

[                      ], 2002

Dear M&T Shareholder:

You are cordially invited to attend a special meeting of the shareholders of M&T Bank Corporation to be held on [                      ], [                      ] beginning at [                      ], local time, at [M&T Center, One Fountain Plaza in Buffalo, New York.]

At the special meeting, you will be asked to approve the issuance of 26,700,000 shares of M&T common stock to Allied Irish Banks, p.l.c. in connection with M&T's proposed combination with Allfirst Financial Inc., to be effected by M&T's acquisition of all of the issued and outstanding shares of Allfirst in exchange for the M&T shares to be issued and approximately \$886 million in cash to be paid to AIB. Promptly following the exchange, and as part of the proposed transaction, Allfirst will merge with and into M&T, with M&T being the surviving company. Allfirst Bank, Allfirst's principal banking subsidiary, will merge with and into M&T's principal banking subsidiary, Manufacturers and Traders Trust Company, with Manufacturers and Traders Trust Company being the surviving bank.

Allfirst is a bank holding company headquartered in Baltimore, Maryland with total assets of approximately \$17.3 billion as of June 30, 2002. Allfirst Bank operates in the mid-Atlantic region of the United States from Pennsylvania to Virginia. The combination with Allfirst represents a major geographic expansion by M&T, creating a strong mid-Atlantic banking franchise with over 700 branches in six states and the District of Columbia. After the transaction, the combined company will have total assets of approximately \$49 billion and will have a leading deposit market share in upstate New York, central Pennsylvania and Maryland, making M&T one of the 20 largest bank holding companies in the United States based on total assets.

As a result of the transaction, AIB will own approximately 22.5% of the issued and outstanding shares of M&T common stock. There are several M&T corporate governance changes that will result from the transaction. For example, after the transaction, while it maintains a significant ownership in M&T, AIB will have representation on the M&T board, the M&T Bank board and key M&T board committees and will have certain protections of its rights as a substantial M&T shareholder. These protections include an effective consent right in connection with certain M&T actions, such as engaging in activities not permissible for a bank holding company. Other M&T actions, such as acquisitions and dispositions of significant amounts of assets, will require different approval requirements than are currently in place. In addition, AIB will have rights that will facilitate its ability to maintain its proportionate ownership position in M&T. M&T will also have representation on the AIB board after the transaction while AIB remains a significant shareholder.

Your board of directors has approved the proposed transaction and the issuance of 26,700,000 shares of M&T common stock in connection with the transaction, subject to shareholder approval and certain other conditions, and recommends that you vote FOR the issuance of shares of M&T common stock in the transaction. The board reached this decision after careful consideration of a number of factors. The enclosed document details these factors and also explains the proposed transaction in greater detail. Please read it carefully.

At the special meeting you will also be asked to consider and vote upon two proposed amendments to M&T's certificate of incorporation. The first amendment will provide that new bylaw provisions, more fully described in this document, implementing the governance rights granted to AIB in connection with the transaction, may only be amended by unanimous board consent or a supermajority vote of M&T's shareholders. This amendment, if approved, will only be effective if the transaction is completed; however, approval of this amendment is a condition to completion of the transaction. The second amendment will

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increase the number of authorized shares of M&T common stock from 150 million to 250 million shares. This second amendment, if approved, will be effective whether or not the transaction is completed. Your board of directors recommends that you vote FOR both amendments to the certificate of incorporation.

Finally, at the special meeting you will be asked to approve the adjournment of the special meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of any or all of the above matters presented to you to approve those matters. Your board of directors recommends that you vote FOR approval of the adjournment of the special meeting, if such adjournment is necessary.

I urge you to take the time now to consider these very important matters and vote. In order to make sure that your vote is represented, indicate your vote on the enclosed proxy form, date and sign it, and return it in the enclosed envelope regardless of whether you plan to attend the meeting. If you do attend the meeting, you may vote in person.

Cordially,

Robert G. Wilmers  
Chairman, President and Chief Executive Officer

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**M&T BANK CORPORATION**

**One M&T Plaza  
Buffalo, New York 14203**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
[                    ], 2002**

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To the Shareholders of M&T Bank Corporation:

A special meeting of shareholders of M&T Bank Corporation ( M&T ) will be held at [                    ] in Buffalo, New York on [     ], [     ], 2002 at [     ]. At the special meeting you will be asked to:

1. Consider and vote upon a proposal to approve the issuance of 26,700,000 shares of M&T common stock to Allied Irish Banks, p.l.c. ( AIB ) in connection with an Agreement and Plan of Reorganization by and among M&T, AIB and Allfirst Financial Inc. ( Allfirst ) (the Reorganization Agreement ) pursuant to which M&T will combine with Allfirst through the acquisition of all of the issued and outstanding shares of Allfirst in exchange for the issuance of 26,700,000 shares of M&T common stock, and the payment of approximately \$886 million to AIB (the Exchange ) promptly followed by the merger of Allfirst with and into M&T, with M&T being the surviving company; and

2. Consider and vote upon a proposal to authorize an amendment to M&T 's certificate of incorporation to provide that certain bylaw provisions relating to rights granted to AIB in connection with the Exchange may only be amended by unanimous board consent or a supermajority vote of M&T 's shareholders which, if approved, will only be effective if the Exchange is completed. This proposal must be approved in order for M&T to be able to complete the Exchange; and

3. Consider and vote upon a proposal to authorize an amendment to M&T 's certificate of incorporation to increase the number of authorized shares of M&T common stock from 150 million to 250 million which, if approved, will be effective whether or not the Exchange is completed; and

4. Consider and vote upon the adjournment of the special meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of any or all of the above matters presented at the special meeting to approve those matters.

You may vote at the special meeting if you owned M&T common stock at the close of business on [                    ], 2002.

By Order of the Board of Directors

Marie King  
Corporate Secretary

Buffalo, New York  
[                    ], 2002.

**IMPORTANT**

**Your vote is important. In order to assure your representation at the M&T meeting, please mark, sign, date and return the enclosed proxy as soon as possible in the enclosed envelope. No postage is required for mailing in the United States.**

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**SUMMARY**

*This summary does not contain all of the information that is important to you. You should carefully read this entire document and the documents to which you have been referred in order to understand fully the Exchange and to obtain a more complete description of the Exchange. See WHERE YOU CAN FIND MORE INFORMATION (Page [        ]).*

**The Companies (Page [        ])**

***M&T Bank Corporation***

*One M&T Plaza  
Buffalo, New York 14203  
(716) 842-5445*

M&T Bank Corporation is a bank holding company incorporated under New York law in 1969. As of June 30, 2002, M&T had total assets of approximately \$31.7 billion and total shareholders' equity of approximately \$3.0 billion.

M&T's principal banking subsidiary is Manufacturers and Traders Trust Company, which is headquartered in Buffalo, New York. Manufacturers and Traders Trust Company is commonly known by its trade name, M&T Bank, and is referred to by that name in this document. M&T Bank accounted for 98% of M&T's consolidated assets as of June 30, 2002 and for virtually all of its net income in 2001. M&T also owns M&T Bank, N.A., which offers certain banking products on behalf of M&T on a national basis. Collectively, the M&T banks and their subsidiaries offer a wide range of commercial banking, trust, investment and financial services to a diverse base of consumers, businesses, professional clients, governmental entities and financial institutions located in their markets.

***Allfirst Financial Inc.***

*25 South Charles Street  
Baltimore, Maryland 21202  
(410) 244-4000*

Allfirst Financial Inc. is a bank holding company with its headquarters in Baltimore, Maryland. As of June 30, 2002, Allfirst had total assets of approximately \$17.3 billion and total stockholders' equity of approximately \$1.7 billion. Allfirst and its subsidiaries serve customers through a network of 262 full service offices and approximately 605 ATMs in the mid-Atlantic region of the United States. AIB currently controls 100% of the voting power of Allfirst's outstanding capital stock.

Allfirst's primary bank subsidiary is Allfirst Bank. The bank operates in Maryland, Pennsylvania, Virginia, Delaware and the District of Columbia. Allfirst's bank and non-bank subsidiaries offer a variety of financial services, including trust and asset management, leasing, discount brokerage services, sales of mutual funds and annuities, investment advisory services, reinsurance, brokerage, mortgage banking and community development.

***Allied Irish Banks, p.l.c.***

*Bankcentre  
Ballsbridge, Dublin 4  
+353-1-6600311*

Allied Irish Banks, p.l.c. provides a diverse range of banking, financial and related services, principally in Ireland, the United States, the United Kingdom and Poland. As of June 30, 2002, AIB was the largest Irish banking group in terms of total assets with approximately \$85.7 billion in total assets. AIB has some 280 branches and outlets in Ireland. In Northern Ireland, through its wholly owned subsidiary AIB Group (UK) p.l.c., which trades there as First Trust Bank, AIB operates some 66 branches and outlets. In Britain, AIB Group (UK) p.l.c., which trades there as Allied Irish Bank (GB), provides a range of banking services through 36 branches and outlets. In Poland, AIB operates from approximately 440 branches and outlets through its 70.5% owned subsidiary Bank Zachodni WBK S.A. AIB's activities in the United States are carried out primarily through Allfirst and its subsidiaries. However, AIB also has a New York branch and representative offices in several cities in the United States.

**The Combined Company**

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M&T believes that the combination of Allfirst and M&T will create a strong mid-Atlantic banking franchise with over 700 branches in six states and the District of Columbia, and with a leading deposit market share in upstate New York, central Pennsylvania and Maryland. On a pro forma basis as of June 30, 2002, the combined company would have approximately \$49 billion in total assets. The combined company will offer a broader range of products and services to current M&T and Allfirst customers and is expected to benefit from greater

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geographic diversity and the benefits of scale associated with a larger company.

**The Reorganization Agreement and the Exchange (Page [ ] )**

The Reorganization Agreement is attached to this document as Appendix A. Please read this agreement. It is the legal document that governs the Exchange.

In the proposed transaction M&T will combine with Allfirst through the acquisition of all of the issued and outstanding Allfirst stock in exchange for 26,700,000 shares of M&T common stock and \$886,107,000 in cash to be issued or paid to AIB and, as part of the proposed transaction, the merger of Allfirst with and into M&T, with M&T being the surviving entity. Subsequently, Allfirst Bank will merge with and into M&T Bank, with M&T Bank being the surviving bank and continuing the banking operations of the combined bank.

The parties hope to complete this transaction during the first quarter of 2003.

**The Shareholder s Meeting (Page [ ] )**

The special meeting of M&T shareholders will be held at [M&T Center, One Fountain Plaza, Buffalo, New York] on [ ] 2002 at [ ] local time. At the special meeting, you will be asked to consider and approve four matters. First, you will be asked to approve the issuance of 26,700,000 shares of M&T common stock in connection with the Exchange. Second, you will be asked to approve authorization of an amendment to the certificate of incorporation adding certain higher voting requirements in order to make modifications to new bylaws relating to AIB s governance rights that M&T will adopt prior to completion of the Exchange. Third, you will be asked to approve authorization of an amendment to the certificate of incorporation authorizing an increase of the authorized shares of M&T common stock from 150 million to 250 million. Approval of the first two matters (share issuance and the first certificate amendment pursuant to the Reorganization Agreement) are conditions to completion of the proposed transaction, but approval of the increase in the number of authorized shares of M&T common stock is not a condition to completion of the proposed transaction. Fourth, you will be asked to approve the adjournment of the special meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of any or all of the above matters presented to you to approve those matters.

You may vote at the special meeting if you owned M&T common stock at the close of business on [ ], 2002]. You may vote in person or by returning the proxy card accompanying this document.

**Votes Required (Page [ ] )**

Your approval of the issuance of M&T shares to AIB in the Exchange and your approval of the adjournment of the special meeting, if necessary, will require the affirmative vote of the holders of the majority of the votes cast on the proposal at the M&T special meeting. Your authorization of the two amendments to M&T s certificate of incorporation will require the affirmative vote of a majority of all of the M&T shares entitled to vote at the M&T special meeting. Except in the case of the vote for adjournment, in which a quorum is not necessary, a majority of the issued and outstanding shares of M&T common stock entitled to vote must be present either in person or by proxy for the votes to be valid.

As of [ ], 2002, M&T s directors and executive officers and related parties had the power to vote [ ] shares of M&T common stock, representing approximately [ ]% of the shares of M&T common stock then issued and outstanding. Each of the directors and executive officers is expected to vote his or her shares for approval of the issuance of the shares of M&T common stock in connection with the Exchange and the amendments to M&T s certificate of incorporation. Messrs. Robert G. Wilmers and Jorge G. Pereira have entered into Voting Support Agreements pursuant to the terms of the Reorganization Agreement. Pursuant to these voting agreements, they have agreed to vote their shares of M&T common stock for approval of the issuance of the shares of M&T common stock in connection with the Exchange, the amendments to M&T s certificate of incorporation and the adjournment of the special meeting to a later date, if necessary.

In addition, as of the same date, the trust department of M&T Bank, as fiduciary, custodian or agent, had the power to vote [ ] shares of M&T common stock, representing approximately [ ]% of the issued and outstanding shares

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of M&T common stock. The trust department will vote these shares in accordance with the terms of the respective governing documents, applicable law and the trust department's fiduciary policies. The trust department will make a determination as to how it will vote these shares following receipt of this document.

**Reasons for the Exchange (Page [ ])**

M&T's board believes that combining M&T and Allfirst will create a new, stronger company that will provide significant benefits to shareholders and customers of the combined company. The combined company should be able to reduce duplicative costs and provide a broader range of products and services throughout the combined service area. M&T's board believes that combining M&T and Allfirst will enable the combined company to better succeed in growing revenues than if M&T and Allfirst did not combine. M&T's board also believes that the Exchange will make M&T a stronger competitor in the increasingly changing and more competitive financial services industry. To review the board's reasons for the Exchange in greater detail, as well as how the board came to agree on the Exchange with Allfirst, please see pages [ ] through [ ].

**Your Board of Directors' Recommendation to M&T Shareholders (Page [ ])**

Your board of directors has unanimously approved all of the matters to be presented to you. The board believes that the Exchange is fair to and in the best interests of the company and M&T's shareholders. The board recommends that you vote FOR approval of the issuance of the M&T common stock in connection with the Exchange. The board also recommends that you vote FOR both of the authorizations to amend the M&T certificate of incorporation. Finally, the board recommends that you vote FOR the adjournment of the special meeting, if necessary.

**The Consideration to be Paid by M&T is Fair, From a Financial Point of View, According to M&T's Financial Advisor (Page [ ])**

Among other factors considered in deciding to approve the Exchange, your board of directors received an oral opinion from its financial advisor, Lehman Brothers Inc., on September 24, 2002 (the date the executive committee of the board of directors voted on the Exchange) and written confirmation of the September 24th oral opinion dated September 26, 2002, stating that the exchange consideration to be paid by M&T to AIB in the Exchange was fair to M&T from a financial point of view.

Please find the text of the written opinion attached to this document as Appendix B. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Lehman Brothers in providing its opinion. Lehman Brothers' opinion was provided for the information and assistance of your board of directors in connection with its consideration of the exchange. The opinion of Lehman Brothers is not intended to be and does not constitute a recommendation to any shareholder of M&T as to how such a shareholder should vote in connection with the stock issuance required to consummate the Exchange.

**Relationship of M&T and AIB after the Exchange (Page [ ])**

AIB will own approximately 22.5% of the issued and outstanding M&T common stock after the Exchange. In defining their relationship after the Exchange, M&T and AIB have agreed upon certain matters regarding share ownership and corporate governance issues such as:

Board representation, with four AIB designees on the M&T and M&T Bank boards and one designee of M&T on the AIB board (in each case subject to possible reduction if the percentage of outstanding M&T common stock held by AIB from time to time after completion of the Exchange decreases). See THE REORGANIZATION AGREEMENT AND THE EXCHANGE Board of Directors; Management.

The requirement that AIB's board representatives, acting through the appropriate board committee, consent in order to take specified corporation actions, and the requirement for other specified corporate actions that those actions not be opposed by AIB's board representative and at least one other director not designated by AIB. See THE REORGANIZATION AGREEMENT AND THE EXCHANGE Investment Parameters.

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Restrictions on AIB's right to own more than 25% of M&T's outstanding common stock and on AIB's right to take certain other actions as a shareholder of M&T without M&T board approval, except under certain circumstances. See THE REORGANIZATION AGREEMENT AND THE EXCHANGE Investment Parameters.

AIB's right to maintain its proportionate ownership of M&T under the terms of the Reorganization Agreement. See THE REORGANIZATION AGREEMENT AND THE EXCHANGE Anti-Dilution Protections.

M&T's right to purchase shares of M&T common stock subsequently offered for sale by AIB in certain cases. See THE REORGANIZATION AGREEMENT AND THE EXCHANGE Sale of M&T Common Stock; Right of First Refusal in Certain Circumstances.

### **What the Parties Need to do Before the Exchange Can Be Completed (Pages [ ] and [ ])**

Completion of the Exchange depends on a number of conditions being met, including the following:

approval of the issuance of M&T shares in connection with the Exchange by the required vote of the shareholders of M&T;

approval by the required vote of the shareholders of M&T of the authorization to amend the M&T certificate of incorporation to add the corporate governance-related amendment required by the Reorganization Agreement;

approval of the transaction by the required vote of the holders of a majority of the capital stock of AIB in accordance with the rules of the Irish Stock Exchange and the UK Listing Authority;

approval by a number of bank regulatory agencies, including the Central Bank of Ireland, the Board of Governors of the Federal Reserve System, the New York State Banking Department, the Maryland Commissioner of Financial Regulation and the Pennsylvania Department of Banking, as well as bank regulators in Delaware and Virginia;

approval by the New York Stock Exchange of the future listing of the M&T common stock issued in connection with the Exchange;

receipt by M&T of an opinion of Arnold & Porter and receipt by AIB of an opinion of Wachtell, Lipton, Rosen & Katz that the combination of the exchange of the M&T common stock and cash to AIB for all of the shares of Allfirst stock and the merger of Allfirst with and into M&T will qualify as a reorganization for U.S. federal income tax purposes; and

receipt by AIB of an opinion of KPMG Dublin that the Exchange will qualify for the Irish tax treatment provided for in Section 584 of the Ireland Taxes Consolidation Act of 1997, as applied by Sections 586 and 587 of that Act.

Generally, M&T, AIB and Allfirst can, should they choose, waive conditions to their respective obligations to complete the Exchange. Some conditions, however, cannot be waived, including shareholder and regulatory approvals. Moreover, the condition relating to the receipt by AIB of the Irish tax opinion of KPMG Dublin can only be waived by AIB and Allfirst.

### **Terminating the Agreement (Page [ ])**

The Exchange may be terminated under some circumstances, either before or after shareholder approval. These circumstances include:

mutual consent of M&T, AIB and Allfirst;

material breach of the Reorganization Agreement by the other party that has not been cured;

denial by a government agency of an approval needed to complete the Exchange;

imposition by a court or government agency of an order prohibiting the Exchange; and

failure to complete the Exchange by July 1, 2003, unless the failure is due to the terminating party's failure to perform its obligations under the Reorganization Agreement.

### **Amending the Agreement (Page [ ])**

M&T, AIB and Allfirst may amend the Reorganization Agreement at any time by mutual written agreement.

Accounting Treatment of the Exchange (Page [     ])

The Exchange will be accounted for as a purchase transaction under generally accepted accounting principles. This means that M&T will treat

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Allfirst and M&T as one company beginning on the date of the Exchange. M&T will record the fair market value of Allfirst's assets and liabilities on its financial statements. The difference between the purchase price in the Exchange and the fair market value of Allfirst's identifiable assets net of its liabilities will be recorded on M&T's books as goodwill. Approximately \$2,248 million in goodwill and core deposit intangible assets will result from accounting for the Exchange under the purchase method of accounting.



**Table of Contents****COMPARATIVE PER SHARE DATA**

The following table shows information about M&T's income per share, dividends per share and book value per share and similar information reflecting the Exchange (which we refer to as pro forma information). Allfirst is a wholly-owned subsidiary of AIB that did not previously report per share data, accordingly, equivalent per share data has been omitted.

The M&T board expects that M&T will incur reorganization and restructuring expenses as a result of combining M&T and Allfirst. It is anticipated that the Exchange will provide the new company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the new company, does not reflect these expenses or benefits and does not attempt to predict or suggest future results.

The information in the following table is based on the historical financial information that was presented in M&T's prior Securities and Exchange Commission filings. This material is incorporated into this document by reference. See **WHERE YOU CAN FIND MORE INFORMATION** and **DOCUMENTS INCORPORATED BY REFERENCE**.

	<b>Historical M&amp;T</b>	<b>Pro Forma Combined(a)</b>
<b>BASIC EARNINGS</b>		
Six months ended June 30, 2002	\$ 2.60	\$ 2.27
Twelve months ended December 31, 2001	3.95	2.25
<b>DILUTED EARNINGS</b>		
Six months ended June 30, 2002	\$ 2.51	\$ 2.20
Twelve months ended December 31, 2001	3.82	2.19
<b>CASH DIVIDENDS</b>		
Six months ended June 30, 2002	\$ 0.50	\$ 0.50
Twelve months ended December 31, 2001	1.00	1.00
<b>BOOK VALUE</b>		
At June 30, 2002	\$32.29	\$41.81

- (a) On February 6, 2002, Allfirst announced that AIB was undertaking a full investigation into fraudulent foreign exchange trading activities at Allfirst. The losses arising from the fraudulent activities were disclosed by Allfirst in an earnings release dated February 20, 2002. Allfirst's financial statements and notes thereto for the first six months of 2001 and for the 1997-2001 fiscal years have been restated to reflect the effects of the fraudulent proprietary foreign exchange trading activities. The fraudulent trading activities and the resulting losses are referred to from time to time in reports on Forms 10-K and 10-Q filed by Allfirst with the Securities and Exchange Commission as the **Fraudulent Activities** and the **Fraud Losses**, respectively, and proprietary foreign exchange trading losses are referred to as **FX Losses**. Foreign Exchange Trading Losses include both authentic and fraudulent trading activity. For additional information on the Fraudulent Activities and the Fraud Losses, please refer to Allfirst's 2001 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 2002.

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**SELECTED CONSOLIDATED FINANCIAL DATA**

The following tables set forth certain selected historical and selected pro forma consolidated financial data for M&T and Allfirst. The historical selected financial data for the five years ended December 31, 2001 are derived from the audited consolidated financial statements of M&T and Allfirst. The selected financial data for the six-month periods ended June 30, 2002 and 2001 are derived from unaudited consolidated interim financial statements and are not necessarily indicative of the results for the remainder of the year or any future period. The management believes that its respective consolidated interim financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented. You should read this summary in connection with the financial statements and other financial information included in documents incorporated in this document by reference. See WHERE YOU CAN FIND MORE INFORMATION and DOCUMENTS INCORPORATED BY REFERENCE.

The pro forma selected financial data were developed giving effect to the Exchange using the purchase method of accounting. For a description of the purchase method of accounting with respect to the Exchange and the related effects on the historical financial statements of M&T and Allfirst, see THE REORGANIZATION AGREEMENT AND THE EXCHANGE Accounting Treatment of the Exchange. The pro forma selected financial data may not be indicative of the financial position or results that would actually have occurred had the Exchange been completed on the dates, or at the beginning of the periods indicated, or which will be attained in the future. See UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION.

**Table of Contents****M&T BANK CORPORATION****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

	Six Months Ended June 30,		Years Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
<b>SUMMARIZED INCOME STATEMENT DATA:</b>							
<b>(in thousands)</b>							
Net interest income	\$ 610,536	\$ 559,129	\$ 1,158,288	\$ 854,187	\$ 759,397	\$ 671,947	\$ 559,406
Provision for credit losses	52,000	42,500	103,500	38,000	44,500	43,200	46,000
Other income	245,407	229,563	477,426	324,672	282,375	262,939	190,529
Other expense	446,449	467,813	948,318	694,453	578,958	566,123	421,776
Income taxes	115,436	99,905	205,821	160,250	152,688	117,589	105,918
Net income	\$ 242,058	\$ 178,474	\$ 378,075	\$ 286,156	\$ 265,626	\$ 207,974	\$ 176,241
<b>PER COMMON SHARE DATA:</b>							
Basic net income	\$ 2.60	\$ 1.85	\$ 3.95	\$ 3.55	\$ 3.41	\$ 2.73	\$ 2.66
Diluted net income	2.51	1.79	3.82	3.44	3.28	2.62	2.53
Book value	32.29	31.00	31.33	28.93	23.24	20.79	15.59
Cash dividends	0.50	0.50	1.00	0.63	0.45	0.38	0.32
<b>WEIGHTED AVERAGE NUMBER OF SHARES: (in thousands)</b>							
Basic	92,934	96,281	95,732	80,640	78,003	76,194	66,253
Diluted	96,339	99,668	99,024	83,171	80,905	79,497	69,773
<b>AVERAGE BALANCE SHEET DATA: (in millions)</b>							
Total assets	\$ 31,299	\$ 30,450	\$ 30,826	\$ 23,658	\$ 21,057	\$ 18,309	\$ 13,309
Total long-term borrowings	3,924	3,464	3,538	2,086	1,748	835	373
Stockholders equity	2,948	2,941	2,958	2,033	1,736	1,501	953

**Table of Contents****ALLFIRST FINANCIAL INC.****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

	Six Months Ended June 30,		Years Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
<b>SUMMARIZED INCOME STATEMENT DATA:</b>							
<b>(in thousands)</b>							
Net interest income	\$ 255,821	\$ 255,157	\$ 520,085	\$ 495,227	\$ 536,450	\$ 542,228	\$ 495,744
Provision for loan and lease losses	41,170	15,509	28,575	28,540	34,150	34,297	32,017
Other income	202,945	178,720	391,694	339,114	307,005	433,443	316,063
Foreign exchange trading (losses)(a)	(16,988)	(151,275)	(365,020)	(202,065)	(45,191)	(10,684)	(28,099)
Other expense	316,861	279,464	589,281	534,972	532,840	600,527	545,338
Income taxes (benefit)	21,933	(8,232)	(34,730)	21,071	84,536	120,118	74,103
Net income (loss)	61,814	(4,139)	(36,367)	47,693	146,738	210,045	132,250
Dividends on preferred stock	203	203	414	414	5,765	12,225	12,225
Net income (loss) to common shareholders	61,611	(4,342)	(36,781)	47,279	140,973	197,820	120,025
<b>AVERAGE BALANCE SHEET DATA: (in millions)</b>							
Total assets	\$ 17,509	\$ 17,490	\$ 17,539	\$ 17,498	\$ 17,549	\$ 17,030	\$ 14,120
Total long-term debt	1,165	1,009	1,008	1,180	1,000	686	595
Stockholders equity	1,723	1,728	1,745	1,706	1,828	1,937	1,583

- (a) On February 6, 2002, Allfirst announced that AIB was undertaking a full investigation into fraudulent foreign exchange trading activities at Allfirst. The losses arising from the fraudulent activities were disclosed by Allfirst in an earnings release dated February 20, 2002. Allfirst's financial statements and notes thereto for the first six months of 2001 and for the fiscal years presented above have been restated to reflect the effects of the fraudulent proprietary foreign exchange trading activities. The fraudulent trading activities and the resulting losses are referred to from time to time in reports on Forms 10-K and 10-Q filed by Allfirst with the Securities and Exchange Commission as the Fraudulent Activities and the Fraud Losses, respectively, and proprietary foreign exchange trading losses are referred to as FX Losses. Foreign Exchange Trading Losses include both authentic and fraudulent trading activity. For additional information on the Fraudulent Activities and the Fraud Losses, please refer to Allfirst's 2001 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 2002.

**Table of Contents****PRO FORMA SELECTED COMBINED FINANCIAL DATA****(Unaudited)**

	<b>For the Six Months Ended June 30, 2002</b>	<b>For the Year Ended December 31, 2001</b>
<b>SUMMARIZED INCOME STATEMENT DATA: (in thousands)</b>		
Net interest income	\$ 844,205	\$ 1,634,067
Provision for credit losses	93,170	132,075
Other income	406,016	477,734
Other expense	769,502	1,575,644
Income taxes	116,286	128,469
	<u>                    </u>	<u>                    </u>
Net income	\$ 271,263	\$ 275,613
	<u>                    </u>	<u>                    </u>
<b>PER SHARE DATA:</b>		
Basic earnings	\$ 2.27	\$ 2.25
Diluted earnings	2.20	2.19
Book value at end of period	41.81	40.14
Cash dividends	0.50	1.00
<b>WEIGHTED AVERAGE NUMBER OF SHARES: (in thousands)</b>		
Basic	119,634	122,432
Diluted	123,039	125,724
<b>AVERAGE BALANCE SHEET DATA: (in millions)</b>		
Total assets	\$ 50,124	\$ 49,682
Total long-term borrowings	5,975	5,432
Stockholders equity	4,942	4,952

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**MAP OF THE COMBINED COMPANY**

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**THE COMPANIES**

**M&T Bank Corporation**

M&T Bank Corporation ( M&T ) is a New York business corporation registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, and under Article III-A of the New York State Banking Law. M&T was incorporated in November 1969. As of June 30, 2002, M&T had total consolidated assets of approximately \$31.7 billion and total shareholders' equity of approximately \$3.0 billion. M&T's two wholly owned banking subsidiaries are Manufacturers and Traders Trust Company ( M&T Bank ), with its principal executive offices in Buffalo, New York, and M&T Bank, National Association ( M&T Bank, N.A. ) with its main office at 48 Main Street, Oakfield, New York 14125. Collectively, the banks and their subsidiaries offer a wide range of commercial banking, trust and investment services to their customers.

M&T Bank is a banking corporation incorporated and chartered under New York law. M&T Bank is a member of the Federal Reserve System and the Federal Home Loan Bank System, and its deposits are insured by the Federal Deposit Insurance Corporation ( FDIC ) up to applicable limits. As of June 30, 2002, M&T Bank represented 98% of the consolidated assets of M&T. As of June 30, 2002, M&T Bank had 261 banking offices located throughout New York State, 171 banking offices located in northeastern and central Pennsylvania, 20 banking offices in Maryland and 3 banking offices in West Virginia plus a branch in the Cayman Islands. As a commercial bank, M&T Bank offers a broad range of financial services to a diverse base of consumers, businesses, professional clients, governmental entities and financial institutions located in its markets. Lending is largely focused on consumers residing in New York State and central Pennsylvania and on small and medium-size businesses. However, certain of M&T Bank's subsidiaries conduct lending activities in markets outside of New York State and Pennsylvania. M&T Bank also provides other financial services through its operating subsidiaries, including consumer lending, commercial leasing and lending, mortgage banking, capital equipment leasing, commercial real estate lending and servicing, securities brokerage and investment advisory services, and consumer leasing.

M&T Bank, N.A. is a national bank and a member of the Federal Reserve System, and its deposits are insured by the FDIC up to applicable limits. M&T Bank, N.A. commenced operations in 1995 and offers selected deposit, loan and insurance products on a nationwide basis, primarily through telephone marketing and direct mail marketing techniques. Insurance products are also offered by M&T Bank, N.A. through the banking offices of M&T Bank. As of June 30, 2002, M&T Bank, N.A. had total assets of approximately \$725 million.

From time to time, M&T investigates and holds discussions and negotiations in connection with possible strategic transactions with other banks and financial services entities. As of the date of this document, M&T has not entered into any agreements for any transactions of the type referred to above except for the transactions described in this document and in documents incorporated in this document by reference. See **WHERE YOU CAN FIND MORE INFORMATION** and **DOCUMENTS INCORPORATED BY REFERENCE**. If required under applicable law or New York Stock Exchange policy, any such transactions would be subject to regulatory approval and the approval of shareholders.

For additional information concerning the business of M&T and its financial condition, you should refer to the M&T documents incorporated in this document by reference. See **WHERE YOU CAN FIND MORE INFORMATION** and **DOCUMENTS INCORPORATED BY REFERENCE**.

**Allfirst Financial Inc.**

Allfirst Financial Inc. ( Allfirst ) is a Delaware corporation registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, as well as under the Maryland Financial Institutions Code and Title 5 of the Delaware Code. As of June 30, 2002, Allfirst had total assets of approximately \$17.3 billion and total shareholders' equity of approximately \$1.7 billion. Allfirst has a strong banking presence in Maryland and central Pennsylvania. Allfirst and its subsidiaries serve customers through a network of 260

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full service offices and approximately 600 ATMs in the mid-Atlantic region of the United States. AIB currently controls 100% of the voting power of Allfirst's outstanding capital stock.

Allfirst's primary subsidiary bank is Allfirst Bank. The bank operates in Maryland, Pennsylvania, Virginia, Delaware and Washington, DC. Allfirst Bank's bank and non-bank subsidiaries offer a variety of financial services, including trust and asset management, leasing, discount brokerage services, sales of mutual funds and annuities, investment advisory services, reinsurance, brokerage, mortgage banking and community development. One of the most notable Allfirst non-banking activities is its trust and asset management business with \$17.9 billion in assets under management. Allied Investment Advisors, the main institutional advisory subsidiary of Allfirst, currently manages \$11 billion in assets from 250 institutions.

For additional information concerning the business of Allfirst and its financial condition, you should refer to Allfirst's documents incorporated in this document by reference. See **WHERE YOU CAN FIND MORE INFORMATION** and **DOCUMENTS INCORPORATED BY REFERENCE**.

### **Allied Irish Banks, p.l.c.**

Allied Irish Banks, p.l.c. (AIB) provides a diverse range of banking, financial and related services, principally in Ireland, the United States, the United Kingdom and Poland. As of June 30, 2002, AIB was the largest Irish banking group in terms of total assets. AIB has some 280 branches and outlets in Ireland. In Northern Ireland, through its wholly owned subsidiary AIB Group (UK) p.l.c., which trades there as First Trust Bank, AIB operates some 66 branches and outlets. In Britain, AIB Group (UK) p.l.c., which trades there as Allied Irish Bank (GB), provides a range of banking services through 36 branches and outlets. In Poland, AIB operates from approximately 440 branches and outlets through its 70.5% owned subsidiary Bank Zachodni WBK S.A.

Although most of AIB's activities in the United States are carried out through Allfirst, AIB also provides banking services to corporate and retail customers through its New York City branch. In addition, the New York branch manages AIB's Cayman Islands branch and representative offices in Philadelphia, Los Angeles, Chicago, Atlanta and San Francisco.

### **The Combined Company**

The combination of Allfirst and M&T will create a strong mid-Atlantic banking franchise with over 700 branches in six states and the District of Columbia, and with a leading deposit market share in the combined area of upstate New York, central Pennsylvania and Maryland. On a pro forma basis as of June 30, 2002, the combined company would have approximately \$49 billion in total assets, making M&T one of the 20 largest bank holding companies in the United States based on total assets. The combined company will offer a broader range of products and services to current M&T and Allfirst customers and will benefit from greater geographic diversity and the benefits of scale associated with a larger company. M&T also expects that the Exchange will result in significant opportunities for cost savings and for revenue enhancement. See **THE REORGANIZATION AGREEMENT AND THE EXCHANGE** M&T's Reasons for the Exchange.

## **THE SHAREHOLDERS MEETING**

### **Date, Place and Time**

The special meeting of M&T shareholders will be held at [M&T Center, One Fountain Plaza] in Buffalo, New York on [ , 2002] at [ ] p.m., local time.

### **Record Date; Voting Rights**

The M&T record date will be the close of business on [ , 2002]. The M&T record date will be used for purposes of determining shareholders entitled to notice of, and to vote at, the special meeting. On the M&T record date, there were issued and outstanding [ ] shares of M&T common stock entitled to vote at the special meeting. You, as a shareholder of M&T on the M&T record date, will be entitled to one



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vote for each share of M&T common stock held of record with respect to the issuance of M&T common stock in connection with the exchange of 26,700,000 shares of issued and outstanding M&T common stock and approximately \$886 million in cash for all of the issued and outstanding shares of Allfirst (the Exchange), the authorizations of amendments to the certificate of incorporation and the adjournment of the special meeting to a later date, if necessary. Although neither applicable New York law nor the certificate of incorporation of M&T requires M&T's shareholders' approval of the Exchange, the rules and regulations of the NYSE require M&T's shareholders' approval of the issuance of M&T common stock in connection with the Exchange.

The affirmative vote of the holders of a majority of the votes cast by the holders of M&T common stock eligible to vote thereon at a meeting at which a quorum is present is required to approve the issuance of M&T common stock. Your authorizations of the two amendments to M&T's certificate of incorporation will require the vote of a majority of all of the M&T shares entitled to vote at the M&T special meeting for each authorization. The first amendment is necessary to provide that certain bylaw provisions relating to rights granted to AIB in connection with the Exchange may only be amended by unanimous board consent or a supermajority vote of M&T's shareholders. This amendment, if approved, will not become effective if the Exchange does not occur. The second authorization is necessary to allow M&T to increase the number of authorized shares of M&T common stock from 150 million to 250 million. This amendment, if approved, will become effective whether or not the Exchange occurs. Approval of the share issuance and the certificate amendments relating to the rights granted to AIB in connection with the Exchange are conditions to completion of the Exchange, but approval of the increase in the number of authorized shares of M&T common stock is not a condition to completion of the Exchange. In accordance with the M&T bylaws, the affirmative vote of the holders of a majority of the votes cast by the holders of M&T common stock eligible to vote thereon at a meeting at which a quorum is or is not present is required to approve the adjournment of the special meeting to a later date to solicit additional proxies, if necessary.

In order for the special meeting to take place, holders of a majority of M&T common stock outstanding on the M&T record date must attend the meeting either in person or by proxy. M&T intends to count shares of M&T common stock present in person at the special meeting but not voting, and shares of M&T common stock for which it has received proxies but with respect to which holders of such shares have abstained on any matter, as present at the special meeting for purposes of determining whether a quorum exists. Because the approval of the issuance of M&T common stock and the adjournment of the special meeting, if necessary, requires the affirmative vote of a majority of the votes cast by holders of M&T common stock eligible to vote at the special meeting, such abstentions will have no effect on the vote for the issuance of M&T common stock. Because the approval of the authorization of the amendments to the certificate of incorporation requires the affirmative vote of a majority of all of the M&T shares entitled to vote at the M&T special meeting, abstentions will have the effect of a vote against the two proposed authorizations to amend the certificate of incorporation. In addition, under applicable NYSE rules, brokers who hold shares of M&T common stock in street name for customers who are the beneficial owners of such shares are prohibited from giving a proxy to vote shares held for such customers in favor of the approval of the issuance of M&T common stock in the Exchange, the amendments to the M&T certificate of incorporation or the adjournment of the special meeting, if necessary, without specific instructions to that effect from such customers. Accordingly, the failure of such customers to provide instructions with respect to their shares of M&T common stock to their broker will have no effect on the vote for the issuance of M&T common stock or the adjournment of the special meeting, if necessary, but will have the effect of a vote against the two proposed authorizations to amend the certificate of incorporation. Such broker non-votes, if any, will be counted as present for determining the presence or absence of a quorum for the transaction of business, and will have the effect of a vote against the two proposed authorizations to amend the certificate of incorporation.

As of [ ], 2002], M&T's directors and executive officers and related parties had the power to vote [ ] shares of M&T common stock, representing approximately [ ]% of the shares of M&T common stock then issued and outstanding. Each of the directors has indicated his or her intention to vote for approval of the issuance of the shares of M&T common stock in connection with the Exchange and for the approval of the amendments to the M&T certificate of incorporation. Other than compensation paid in

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connection with their executive duties or service as directors of M&T, no compensation has been paid to any person who has indicated an intention to vote in favor of the Exchange. Messrs. Robert G. Wilmers and Jorge G. Pereira have entered into Voting Support Agreements in connection with M&T and AIB entering into the Reorganization Agreement. Pursuant to these Voting Agreements, they have agreed to vote their shares of M&T common stock for approval for the issuance of the shares of M&T common stock in connection with the Exchange, the amendments to M&T's certificate of incorporation and the adjournment of the special meeting to a later date to solicit additional proxies, if necessary.

In addition, as of the same date, the trust department of M&T Bank, as fiduciary, custodian or agent, had the power to vote [ ] shares of M&T common stock, representing approximately [ ]% of the then issued and outstanding M&T common stock. The trust department of M&T Bank will vote these shares in accordance with the terms of the respective governing documents, applicable law and the trust department's fiduciary policies. The trust department will make a determination as to how it will vote these shares following receipt of this document.

### **Voting and Revocation of Proxies**

Shares of M&T common stock represented by a proxy properly signed and returned at or prior to the special meeting and not subsequently revoked prior to the vote will be voted at the special meeting in accordance with the instructions on the proxy. If a proxy is signed and returned without indicating any voting instructions, the shares of M&T common stock represented by the proxy will be voted FOR approval of issuance of the shares of M&T common stock in connection with the Exchange, as well as FOR each of the two proposed authorizations to amend the M&T certificate of incorporation in connection with the Exchange and the adjournment of the special meeting to solicit additional proxies, if necessary.

If you are giving a proxy, you may revoke it at any time before it is exercised. In order to revoke a proxy, you must either give written notice of such revocation to the Secretary of M&T or to the Secretary of the special meeting or vote the shares of M&T common stock subject to such proxy by a later dated proxy or by written ballot at the special meeting. Written notices of revocation may be directed to: Marie King, Corporate Secretary, M&T, One M&T Plaza, Buffalo, New York 14203. The presence at the special meeting of any shareholder who has given a proxy will not, in and of itself, revoke the proxy. Any shareholder of record attending the special meeting may vote in person whether or not a proxy has been previously given.

Your board of directors is not aware of any other business to be acted upon at the special meeting other than the four matters discussed in this proxy. According to New York law, no business may be brought before the M&T special meeting other than the matters set forth in M&T's notice of special meeting to shareholders, which is provided in this document on page [ ].

### **Solicitation of Proxies**

The proxy accompanying this proxy statement is solicited on behalf of the M&T board of directors. In addition to solicitation of proxies by mail, M&T's directors, officers and regular employees may also solicit proxies, without additional compensation to such directors, officers or regular employees and at a nominal cost to M&T. Brokerage houses, nominees, fiduciaries and other custodians have been requested to forward proxy materials to beneficial owners of M&T common stock and such parties will be reimbursed for the expenses incurred by them. [M&T has selected [ ] as its proxy solicitor in connection with the Exchange.] According to the fee arrangement in the Reorganization Agreement, M&T will bear its own expenses in connection with the solicitation of proxies, except that M&T and AIB each will bear 50% of all printing and mailing costs and filing fees associated with this document and with the circular to be sent to AIB shareholders in connection with the AIB shareholder meeting held to approve the Reorganization Agreement.

## **THE REORGANIZATION AGREEMENT AND THE EXCHANGE**

This section describes material aspects of the Reorganization Agreement and the Exchange. The description of the Reorganization Agreement contained in this section does not purport to be complete and is

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qualified in its entirety by reference to the Reorganization Agreement, which is attached to this document as Appendix A, and is incorporated by reference. You are urged to read the Reorganization Agreement carefully and in its entirety.

**Background and Reasons for the Exchange: Recommendations of the M&T Board of Directors**

***Background***

Over the years, M&T has worked to develop a major commercial and retail banking franchise centered in Buffalo and operating throughout New York State. M&T expanded significantly in the 1990s through federally assisted acquisitions of assets and liabilities of failed thrift institutions and through unassisted mergers with, and acquisitions of, depository institutions. These transactions included acquisitions of assets and liabilities of Empire Federal Savings Bank of America and Goldome Savings Bank, as well as acquisitions of Central Trust Company, Endicott Trust Company and Ithaca Bancorp, Inc. In 1998, M&T acquired ONBANCORP, Inc., a Syracuse, New York, based bank holding company with banking operations in upstate New York and northeastern Pennsylvania. In 1999, M&T acquired approximately \$634 million of deposits and 29 branches from Chase Manhattan Bank. M&T's next significant acquisition was Keystone Financial, Inc. in 2000. At the time of the acquisition, Keystone had total assets of approximately \$7 billion. Keystone's bank subsidiary had 177 banking offices in 31 Pennsylvania counties as well as offices in three Maryland counties and one county in West Virginia. As a result of the Keystone acquisition, M&T now enjoys a major market share in central Pennsylvania as well as in upstate New York. M&T's most recent acquisition, Premier National Bancorp, strengthened M&T's presence in the Hudson Valley region of New York. From 1990 through June 30, 2002, M&T's assets increased from approximately \$7.7 billion to approximately \$31.7 billion.

As M&T continued its ongoing review of potential strategic acquisitions, it identified Allfirst's market as a natural one for geographic expansion, creating a franchise that would run from upstate New York south into Virginia. In addition, M&T determined that Allfirst's business lines and product mix could complement M&T's business, including from a geographic perspective. At the same time, the AIB board of directors was reviewing possible strategies for building on its Allfirst platform to expand its financial services franchise in the United States.

In October 2001, Michael Buckley, Group Chief Executive of AIB, met informally with Robert G. Wilmers, Chairman, President and Chief Executive Officer of M&T, and discussed general conditions in the banking and financial services industry and the current environment in which Allfirst and M&T were operating.

Later in 2001, Messrs. Wilmers and Buckley had exploratory discussions regarding a possible strategic relationship between M&T, Allfirst and AIB, including the possible scenarios for structuring such a relationship, and decided that further discussions would be fruitful. Over the next several months, Messrs. Wilmers and Buckley had further informal contacts regarding the possible strategic benefits of a combination of the M&T and Allfirst franchises to both M&T and AIB. In early February 2002, AIB and Allfirst disclosed losses in connection with fraudulent foreign exchange trading activities at Allfirst. Following this disclosure, AIB and Allfirst turned their focus to working internally and with regulators to address the issues and concerns raised by this event.

Discussions regarding a possible transaction between M&T and Allfirst resumed in the spring of 2002 and continued over the course of a number of meetings on the possible benefits and potential terms of a strategic transaction. In the meantime, each party continued to review information concerning the other and to analyze the possibilities for a transaction.

At a meeting in New York City in August, 2002, the parties outlined parameters for a possible combination of M&T and Allfirst, including transaction consideration consisting in part of M&T common stock and in part of cash, AIB representation on M&T's board of directors and its key committees and the appointment of an M&T representative to the AIB board. The parties also agreed to enter into a confidentiality agreement and to conduct further mutual due diligence investigations.

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While discussions continued between senior management of M&T and AIB, such management kept their respective boards and executive committees informed as to the progress of discussions, as well as the proposed terms of a possible agreement that the parties had discussed.

In September, 2002, representatives of AIB and M&T commenced mutual due diligence investigations. During this period, legal counsel to each company drafted and negotiated the terms of definitive documentation with respect to a possible transaction between the two companies, including the Reorganization Agreement.

On September 17, 2002, the Exchange was discussed at a meeting of the M&T board. The board authorized management to continue negotiating a transaction and delegated to the board's executive committee authority to approve the Exchange and the Reorganization Agreement. Following this meeting, discussions and negotiations continued between the parties and their respective counsel concerning the terms of the proposed transaction.

On September 24, 2002, the Exchange was discussed at a meeting of the executive committee of the M&T board. The meeting was also attended by several members of M&T management and by representatives from Lehman Brothers and M&T's outside legal counsel. Management updated the executive committee on the status of negotiations with AIB, including the proposed terms of the transaction. Management also reviewed the results of M&T's due diligence and the business and regulatory implications of the proposed transaction were discussed with the executive committee. Following further discussion among the members of the executive committee, representatives of Lehman Brothers made a presentation to the executive committee and presented the opinion that, from a financial point of view, the consideration to be paid by M&T in the proposed Exchange was fair to M&T. Following further discussion, the executive committee unanimously approved the proposed Exchange, subject to the satisfactory negotiation of the transaction documents.

Also on September 24, the AIB board of directors met to discuss the proposed Exchange and Reorganization Agreement. At the meeting, Messrs. Buckley and Kennedy updated the AIB board on the progress of discussions with M&T and described the terms of the transaction that had been negotiated. Results of AIB's due diligence investigation of M&T and regulatory implications of the proposed transaction were also presented to the AIB board and discussed among the members of the board. Following further discussion among members of the AIB board regarding the proposed transaction, representatives of Merrill Lynch delivered a presentation to the AIB board and rendered its opinion that, as of that date, the consideration to be received by AIB in the proposed Exchange was fair, from a financial point of view, to AIB. Following further discussion, the AIB board resolved to approve the proposed transaction, subject to the satisfactory negotiation of final documentation. In addition, the AIB board appointed a sub-committee to approve the final terms of the proposed transaction. Later on September 24, the Allfirst board of directors met and was briefed by Mr. Buckley and by Eugene C. Sheehy, Chief Executive Officer of Allfirst, on the proposed transaction. Following discussion among its members, the Allfirst board unanimously approved the proposed transaction and authorized Allfirst management to enter into definitive agreements as finally negotiated by AIB in support of the proposed transaction.

The definitive Reorganization Agreement was executed prior to the opening of business on September 26 and the parties issued a joint press release announcing the execution of the Reorganization Agreement.

***M&T's Reasons for the Exchange***

In reaching its decision to approve the Exchange and the Reorganization Agreement, the M&T board, including its executive committee, consulted with, and received advice from, senior management and its financial and legal advisors and considered a number of factors. In reaching its determination to approve the Exchange, the M&T board, including its executive committee, considered the following:

- (1) *Potential Geographic and Market Considerations.* Allfirst's geographic market represents a natural and productive extension of M&T's business, with M&T operating from upstate New York down to northern Virginia, as shown in the map on page [ ]. The Exchange will allow M&T to establish a leading position in the mid-Atlantic region of the United States with over 700 branches in six states and

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the District of Columbia (a region that is equivalent to the 6th largest U.S. state in terms of deposits and the 5th largest in terms of population). Following the Exchange, M&T will have total pro forma deposits of approximately \$26.5 billion. The M&T board also considered that the demographics of Allfirst's markets are similar enough to M&T's to allow M&T to apply its business model to these new portions of its footprint. At the same time, the M&T board considered that portions of Allfirst's market, particularly the metropolitan Baltimore and DC areas, are highly competitive and this could tend to limit M&T's ability to achieve the projected levels of expansion.

(2) *Financial Considerations.* The M&T board reviewed management's analysis, which included historical information concerning M&T's and Allfirst's respective businesses, financial performance and condition, operations, technology, management and competitive position, including filings with the Securities and Exchange Commission concerning the results of operations; the financial condition, results of operations, businesses and prospects of M&T and Allfirst before and after giving effect to the Exchange; and the terms of transactions comparable to the Exchange. The M&T board believed that the Allfirst franchise would enhance the future earnings and growth prospects of the combined entity; and that the combination of the two banking franchises would generate incremental earnings and cash flow and related benefits for M&T shareholders. Among other things, Allfirst's existing trust and asset management business, which is significantly larger than M&T's, would be an additional source of fee-based income.

The M&T board considered the expectation that the Exchange would be accretive to cash earnings per share beginning in 2003. Furthermore, it is estimated that the Exchange will produce annual pre-tax cost savings of approximately \$100 million. These estimated savings are expected to be achieved in the areas of technology and operations, corporate overhead, business line consolidation and facilities expense. M&T estimates that approximately 60% of these cost savings would be realized in 2003, and all of the savings would be realized in 2004. The M&T board also considered that there can be no assurance that any specific level of cost savings will be achieved or that these cost savings will be achieved within the time period contemplated. Exchange and conversion-related charges could also differ from those M&T anticipates.

(3) *Operational Considerations.* The M&T board also considered projections of cost savings in non-interest expense, including corporate overhead, business line consolidation, facilities and technology and operations. At the same time, the M&T board also considered the cost and efforts involved in integrating M&T and Allfirst, as well as the added burdens involved in managing the combined institution going forward. Among other things, the board considered the risks that integration and management issues might have on the ability to achieve the anticipated revenue enhancements and cost reductions. The board also considered possible risks associated with the occurrence of foreign exchange trading fraud at Allfirst announced on February 6, 2002, taking into account the steps taken by AIB and Allfirst following the discovery of such fraud and the results of M&T's due diligence investigation.

(4) *The Continuing Involvement of AIB.* The M&T board considered the ongoing role that AIB would have after the Exchange. This included AIB's status as a 22.5% shareholder and its representation on the M&T board and key board committees. This also involved the provisions in the Reorganization Agreement protecting AIB's rights, including provisions giving AIB effective consent rights with respect to certain M&T actions, such as engaging in activities not permissible for a bank holding company, and provisions permitting AIB to limit, with the agreement of at least one non-AIB designee on the M&T board, other M&T actions, such as acquisitions and dispositions of significant amounts of assets. The M&T board also considered the necessity of adopting amendments to M&T's bylaws and certificate of incorporation to embody AIB's rights. The board considered not only the impact of AIB's status and rights on M&T's operations, but also the regulatory impact to M&T resulting from AIB being deemed to be a banking holding company of M&T for purposes of applicable federal and state laws.

Among other things, the board considered the possibility that M&T would be subject to some level of supervision by the Central Bank of Ireland and the possibility that any regulatory issues affecting AIB could have consequences for M&T, as well as a related provision in the Reorganization Agreement that

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requires AIB to either cure conditions at AIB that could have a sufficiently adverse regulatory effect on M&T or to take actions to cease to control M&T for regulatory purposes. The M&T board also considered the impact of provisions in the Reorganization Agreement that relate to AIB's ownership of M&T common stock, including AIB's registration rights, its rights to maintain its percentage ownership of M&T and provisions that limit AIB's holdings of M&T's outstanding common stock while it remains a significant shareholder to 25% (unless otherwise approved by the M&T board or other special circumstances exist).

(5) *The Reorganization Agreement.* The M&T board considered the terms of the Reorganization Agreement, including those discussed in the preceding two paragraphs.

(6) *Opinion of Lehman Brothers, Tax Treatment and Other Considerations.* The executive committee of the M&T board considered the opinion of Lehman Brothers, delivered at the executive committee meeting, that, as of such date, the consideration to be paid by M&T to AIB was fair, from a financial point of view, to M&T. The M&T board also considered the tax treatment of the Exchange as a reorganization and the accounting treatment of the Exchange as a purchase, as well as the anticipated impact of the Exchange on M&T customers, employees and other constituencies.

After weighing the advantages and the disadvantages of the Exchange, the M&T board and its executive committee determined that the advantages clearly outweighed the disadvantages and that the transaction would be in the best interests of M&T and its shareholders, and therefore unanimously approved the execution of the Reorganization Agreement.

The foregoing discussion of the information and factors considered by the M&T board and its executive committee is not intended to be exhaustive, but reflects all material factors considered by the M&T board and its executive committee. In reaching its determination to approve and recommend the Exchange, the M&T board and its executive committee did not assign any relative or specific weights to the foregoing factors and individual directors may have weighed factors differently.

**The M&T board believes that the Exchange is in the best interests of M&T and its shareholders and unanimously recommends that M&T's shareholders vote FOR approval of the issuance of M&T common stock in the Exchange and the authorization of the amendments to the M&T certificate of incorporation.**

### **Opinion of M&T's Financial Advisor**

In September 2002, M&T engaged Lehman Brothers to act as its financial advisor and render its opinion with respect to the fairness, from a financial point of view, to M&T of the consideration to be paid by M&T to AIB in the Exchange. On September 24, 2002, Lehman Brothers rendered its oral opinion to the M&T board of directors that as of such date, and based upon and subject to certain matters stated in its written opinion, dated September 26, 2002, from a financial point of view, the consideration of 26,700,000 shares of M&T common stock and \$886.1 million of cash to be paid to AIB in the Exchange was fair to M&T.

Although Lehman Brothers evaluated the fairness, from a financial point of view, of the consideration to be paid by M&T to AIB in the Exchange, the consideration itself was determined through arm's length negotiations between M&T's senior management and AIB's senior management with the assistance of their advisors. M&T did not provide specific instructions to, or place any limitation on, Lehman Brothers with respect to the procedures to be followed or factors to be considered by Lehman Brothers in performing its analyses or providing its opinion.

**The full text of Lehman Brothers' written confirmation of its oral opinion, dated September 26, 2002 (the Lehman Brothers Opinion), is attached as Appendix B to this proxy statement. Shareholders may read such opinion for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Lehman Brothers in connection with the rendering of the Lehman Brothers Opinion. The following is a summary of the material financial analyses presented by Lehman**

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**Brothers to the M&T board of directors on September 24, 2002 in connection with the rendering of its oral opinion on that date.**

Lehman Brothers' opinion was provided for the information and assistance of the M&T board of directors in connection with its consideration of the Exchange. The Lehman Brothers Opinion is not intended to be and does not constitute a recommendation to any shareholder of M&T as to how such shareholder should vote in connection with the stock issuance required to consummate the Exchange. Lehman Brothers was not requested to opine as to, and the Lehman Brothers Opinion does not address, M&T's underlying business decision to proceed with or effect the Exchange.

In arriving at its opinion, Lehman Brothers reviewed and analyzed:

the Reorganization Agreement (including the form of the Registration Rights Agreement and the Voting Support Agreement, which were attached as exhibits to the Reorganization Agreement) and the specific terms of the Exchange,

publicly available information concerning M&T that Lehman Brothers believed to be relevant to its analysis, including M&T's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2002,

publicly available information concerning Allfirst that Lehman Brothers believed to be relevant to its analysis, including Allfirst's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2002,

financial and operating information with respect to the business, operations and prospects of Allfirst furnished to Lehman Brothers by M&T and Allfirst, including financial projections of Allfirst for the fiscal year ended December 31, 2002 prepared by management of Allfirst (the Allfirst Projections) and financial projections of Allfirst prepared by management of M&T (M&T's Allfirst Projections),

financial and operating information with respect to the business, operations and prospects of M&T furnished to Lehman Brothers by M&T,

earnings estimates for M&T for the fiscal years ended December 31, 2002 and December 31, 2003 published by I/B/E/S,

a trading history of M&T's common stock from January 1, 1997 to September 24, 2002 and a comparison of that trading history with those of other companies that Lehman Brothers deemed relevant,

a comparison of the historical financial results and present financial condition of Allfirst with those of other companies that Lehman Brothers deemed relevant,

a comparison of the historical financial results and present financial condition of M&T with those of other companies that Lehman Brothers deemed relevant,

the potential pro forma impact on M&T of the Exchange, including cost savings, operating synergies, and revenue enhancements (collectively, the Expected Synergies) which management of M&T expects to result from a combination of the businesses of M&T and Allfirst,

publicly available reports prepared by independent research analysts regarding the future financial performance of M&T and AIB (including commentary regarding Allfirst),

the results of AIB's and Allfirst's investigation into recent fraudulent foreign exchange trading activities that occurred at Allfirst, including the report delivered to the AIB and Allfirst board of directors by Eugene Ludwig, the former U.S. Comptroller of Currency, and Wachtell, Lipton, Rosen & Katz, outside counsel to AIB and Allfirst, and

a comparison of the financial terms of the Exchange with the financial terms of certain other recent transactions that Lehman Brothers deemed relevant.

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In addition, Lehman Brothers had discussions with the managements of M&T and Allfirst concerning their respective businesses, operations, assets, financial condition and prospects and undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by Lehman Brothers without assuming any responsibility for independent verification of such information. Lehman Brothers further relied upon the assurances of the managements of M&T and Allfirst that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Allfirst Projections, upon advice of Allfirst, Lehman Brothers assumed that such projections had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of Allfirst's management as to the future performance of Allfirst. With respect to M&T's Allfirst Projections, upon advice of M&T, Lehman Brothers assumed that such projections had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of M&T's management as to the future performance of Allfirst, and, following discussions with management of M&T, Lehman Brothers further assumed that Allfirst would perform substantially in accordance with these projections. None of M&T, AIB or Allfirst make, as a matter of course, public forecasts or projections as to future revenues, earnings or other financial statement data, and neither the Allfirst Projections nor M&T's Allfirst Projections were prepared with a view to public disclosure or compliance with the published guidelines of the SEC or the American Institute of Certified Public Accountants regarding projections and forecasts. These projections do not necessarily conform to generally accepted accounting principles ( GAAP ), are intended to reflect underlying (pre-exceptional items) core earnings of Allfirst and also are based on various estimates, adjustments and assumptions that are subject to the judgment of those preparing them. These projections also are inherently subject to significant economic, competitive, industry and other uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of M&T, AIB or Allfirst. Accordingly, there can be no assurance that the Allfirst Projections or M&T's Allfirst Projections will be realized or that actual results will not be significantly higher or lower than those set forth in such projections. Lehman Brothers was not provided with, and did not have any access to, any financial projections of M&T prepared by management of M&T. Accordingly, upon advice of M&T, Lehman Brothers assumed that the published consensus estimates of third party research analysts as published by IBES are a reasonable basis upon which to evaluate the future financial performance of M&T and that M&T will perform substantially in accordance with such estimates. Upon advice of M&T, Lehman Brothers also assumed that the Expected Synergies will be realized substantially in accordance with M&T's expectations.

In arriving at its opinion, Lehman Brothers did not conduct a physical inspection of the properties and facilities of Allfirst or M&T and did not make or obtain any evaluations or appraisals of the assets or liabilities of M&T or Allfirst. In addition, Lehman Brothers is not an expert in the evaluation of loan portfolios or allowances for loan losses and, upon advice of M&T, Lehman Brothers assumed that the allowances for loan losses provided to it by M&T and used by Lehman Brothers in the preparation of its opinion are in the aggregate adequate to cover all such losses. In arriving at its opinion, Lehman Brothers also assumed that indemnification provided by AIB to M&T in the Reorganization Agreement for certain liabilities relating to fraudulent foreign exchange trading activities that occurred at Allfirst will be sufficient to cover M&T from any such liabilities. The Lehman Brothers Opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of the opinion. The Lehman Brothers Opinion as expressed below does not constitute an opinion or imply any conclusions as to the likely trading range for M&T common stock following consummation of the Exchange. Lehman Brothers was not requested to consider, and its opinion does not address, the relative merits of the Exchange as compared to any alternative business strategies that might exist for M&T or the effect of any other transaction in which M&T might engage.

In connection with rendering its opinion, Lehman Brothers performed certain financial, comparative and other analyses as described below. In arriving at its opinion, Lehman Brothers did not ascribe a specific range of values to Allfirst or M&T, but rather made its determination as to the fairness, from a financial point of view, to M&T of the consideration to be paid by M&T in the Exchange on the basis of financial and



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comparative analyses. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances, and therefore, such an opinion is not readily susceptible to summary description. Furthermore, in arriving at its opinion, Lehman Brothers did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Lehman Brothers believes that its analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion. In its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of M&T and Allfirst. None of M&T, Allfirst, Lehman Brothers or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth therein. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

The following is a summary of the material financial analyses used by Lehman Brothers in connection with providing its opinion to the M&T board of directors on September 24, 2002. Certain of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Lehman Brothers, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the Lehman Brothers Opinion.

*Comparable Company Analysis of Allfirst.* Using publicly available information, Lehman Brothers compared selected financial data of Allfirst with similar data of selected companies engaged in businesses considered by Lehman Brothers to be comparable to that of Allfirst. Specifically, Lehman Brothers included in its review the following depository institutions:

Sovereign Bancorp, Inc.

M&T Bank Corporation

Banknorth Group, Inc.

Huntington Bancshares Inc.

North Fork Bancorporation, Inc.

Associated Banc-Corp

Colonial BancGroup Inc.

Commerce Bancshares, Inc.

First Virginia Banks, Inc.

FirstMerit Corporation

Mercantile Bankshares

Fulton Financial Corp.

For the selected comparable depository institutions, Lehman Brothers calculated the ratio of the market price per share to the mean earnings estimates per share according to GAAP for the calendar year 2002 reported by I/B/E/S, which is a service widely used by the investment community to gather earnings estimates from various research analysts. Lehman Brothers also calculated the ratio of the market price per share to the mean earnings per share estimates on a cash basis; that is, excluding the effect of amortization of intangibles on earnings per share estimates. Lehman Brothers estimated the mean earnings per share estimates on a cash



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basis using each comparable depository institution's public filings and third party research reports. Lehman Brothers also calculated the ratios of the market price per share to both the book value per share and the tangible book value per share as of June 30, 2002. Lehman Brothers then derived implied values for Allfirst by applying the median multiples for the comparable companies to comparable data for Allfirst. The following table presents the median and mean earnings and book value per share multiples for the comparable depository institutions, together with comparable data for and the implied value of Allfirst.

	Price/2002 Earnings Multiples		Price/June 30, 2002 Book Value Multiples	
	GAAP	Cash	Book Value	Tangible Book Value
	<b>Comparable Company Multiples (as of 9/23/02)</b>			
Median of Selected Comparable Depository Institutions	13.4x	13.3x	1.94x	2.35x
Mean of Selected Comparable Depository Institutions	12.7x	12.3x	2.06x	2.67x
Allfirst Data (\$ in millions)	\$ 217	\$ 223	\$ 1,742	\$ 952

The implied transaction values derived for Allfirst based on the median trading multiples range from \$2.2 billion to \$3.4 billion. For purposes of Lehman Brothers' analyses, the consideration to be paid by M&T to AIB in the Exchange was valued at \$2.86 billion using the M&T common stock price of \$74.07 on September 23, 2002 (date prior to delivery of the oral opinion). The calculation of the value of the consideration to be paid by M&T to AIB was calculated by multiplying M&T's closing price on September 23, 2002 by the 26.7 million shares of M&T common stock to be issued to AIB and adding the cash consideration of \$886.1 million. As described in the press release announcing the transaction, the Exchange would be valued at approximately \$3.1 billion based upon the average M&T common stock price of \$81.46 for the 30-trading day period ended September 25, 2002, the day before public announcement of the transaction.

Because of the inherent differences between the businesses, operations, financial condition and prospects of Allfirst and the businesses, operations, financial conditions and prospects of the companies included in the comparable company group, Lehman Brothers believed that it was inappropriate to rely solely on the quantitative results of the analysis, and accordingly, also made qualitative judgments concerning differences between the financial and operating characteristics of Allfirst and the companies in the comparable company group that would affect the intrinsic value of Allfirst and the public trading values of the comparable companies. Lehman Brothers concluded that such analysis was supportive of its opinion as to the fairness, from a financial point of view, of the consideration to be paid by M&T to AIB in the Exchange.

*Comparable Company Analysis of M&T.* Using publicly available information, Lehman Brothers compared selected financial data of M&T with similar data of selected companies engaged in businesses considered by Lehman Brothers to be comparable to that of M&T. Specifically, Lehman Brothers included in its review the following depository institutions:

SouthTrust Corporation

Regions Financial Corp.

Charter One Financial Inc.

AmSouth Bancorporation

Popular, Inc.

Union Planters Corp.

Huntington Bancshares

Compass Bancshares, Inc.

Banknorth Group, Inc.



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National Commerce Financial Corporation

North Fork Bancorporation

For the selected comparable depository institutions, Lehman Brothers calculated the ratio of the market price per share to the mean earnings estimates per share according to GAAP for the calendar years 2002 and 2003 reported by I/B/E/S. Lehman Brothers also calculated the ratio of the market price per share to the mean earnings per share estimates on a cash basis; that is, excluding the effect of amortization of intangibles on earnings per share estimates. Lehman Brothers estimated the mean earnings per share estimates on a cash basis using each comparable depository institution's public filings and third party research reports. Lehman Brothers calculated the ratios of the market price per share to both the book value per share and the tangible book value per share as of June 30, 2002. Lehman Brothers then compared those ratios for the selected companies to similar ratios calculated for M&T. The following table presents the median and mean earnings and book value per share multiples for the comparable depository institutions, together with comparable data for M&T.

	Price/2002 Earnings Multiples		Price/2003 Earnings Multiples		Price/June 30, 2002 Book Value Multiples	
	GAAP	Cash	GAAP	Cash	Book Value	Tangible Book Value
<b>Comparable Company Multiples (as of 9/23/02)</b>						
Median of Selected Comparable Depository Institutions	12.1x	11.9x	11.1x	11.1x	1.94x	2.45x
Mean of Selected Comparable Depository Institutions	12.6x	12.3x	11.5x	11.2x	2.13x	2.78x
M&T Data	14.6x	13.7x	13.1x	12.5x	2.29x	3.92x

Because of the inherent differences between the businesses, operations, financial condition and prospects of M&T and the businesses, operations, financial conditions and prospects of the companies included in the comparable company group, Lehman Brothers believed that it was inappropriate to rely solely on the quantitative results of the analysis, and accordingly, also made qualitative judgments concerning differences between the financial and operating characteristics of M&T and the companies in the comparable company group that would affect the intrinsic value of M&T and the public trading values of the comparable companies. Lehman Brothers concluded that such analysis was supportive of its opinion as to the fairness, from a financial point of view, of the consideration to be paid by M&T to AIB in the Exchange.

*Comparable Transactions Analysis.* Lehman Brothers reviewed publicly available information for certain pending and completed merger or acquisition transactions between \$1 billion and \$10 billion since October 1, 2000 in the banking industry. The selected transactions considered by Lehman Brothers included:

BNP Paribas Group/United California Bank

BNP Paribas Group/BancWest Corp.

Citigroup Inc./European American Bank

Royal Bank of Canada/Centura Banks Inc.

BB&amp;T Corp./F&amp;M National Corp.

ABN AMRO Holding NV/Michigan National Corp.

Fifth Third Bancorp/Old Kent Financial Corp.

Comerica Inc./Imperial Bancorp

FleetBoston Financial Corp./Summit Bancorp.

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For the comparable transactions, Lehman Brothers calculated the ratio of the transaction price per share to the mean current-year consensus earnings estimates per share at the time of announcement. Lehman Brothers

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also calculated the ratio of the transaction price per share to the mean current-year consensus earnings per share estimates on a cash basis at the time of announcement; that is, excluding the effect of amortization of intangibles on earnings per share estimates. Lehman Brothers estimated the mean earnings per share on a cash basis by adding annualized latest-quarter intangible amortization at the time of the announcement on a per share basis to current-year consensus earnings estimates for the respective target company. Lehman Brothers calculated the ratios of the transaction price per share to both the book value per share and the tangible book value per share using the acquired companies' most recent financial reports at the time of announcement of the transactions. Lehman Brothers also calculated the premium paid to core deposits; that is, all deposits less certificates of deposits in excess of \$100,000 and deposits in foreign offices. Lehman Brothers then compared those ratios for the comparable transactions to similar ratios calculated for the proposed acquisition of Allfirst, assuming a transaction value of \$2.86 billion. As described in the press release announcing the transaction, the Exchange would be valued at approximately \$3.1 billion based upon the average M&T common stock price of \$81.46 for the 30-trading day period ended September 25, 2002, the day before public announcement of the transaction. The following table presents the earnings and book value per share multiples for the comparable transactions together with comparable data for and the implied value of Allfirst.

	Price/2002 Earnings Multiples		Price/June 30, 2002 Book Value Multiples		
	GAAP	Cash	Book Value	Tangible Book Value	Premium to Core Deposits
<b>Comparable Transaction Multiples</b>					
Median of Selected Comparable Transactions	15.9x	15.3x	2.38x	3.09x	23.6%
Mean of Selected Comparable Transactions	16.1x	15.4x	2.46x	3.00x	22.4%
Allfirst Based on \$2.86 billion Transaction Value (Based on 9/23 M&T Common Stock Price of \$74.07)	13.2x	12.8x	1.64x	3.01x	19.1%

Because the reasons for and circumstances surrounding each of the comparable transactions were different and because of the inherent differences in the businesses, operations, financial conditions and prospects of M&T and Allfirst and the businesses, operations, financial conditions and prospects of the companies included in the comparable transactions group, Lehman Brothers believed that a purely quantitative comparable transaction analysis would not be particularly meaningful in the context of the Exchange. Lehman Brothers believed that the appropriate use of a comparable transaction analysis in this instance would involve qualitative judgments concerning the differences between the characteristics of these transactions and the Exchange which would affect the acquisition values of the acquired companies and Allfirst. Lehman Brothers concluded that such analysis was supportive of its opinion as to the fairness, from a financial point of view, of the consideration to be paid by M&T to AIB in the Exchange.

*Discounted Cash Flow Analysis of Allfirst.* As part of its analysis, Lehman Brothers prepared a discounted after-tax cash flow model to estimate the notional present value of the after-tax cash flows that Allfirst could provide to equity holders through calendar year 2008 on a change-of-control basis; that is, taking into account the impact of cost savings, restructuring charges and certain balance sheet restructuring that was assumed by M&T. In connection with this analysis, Lehman Brothers used M&T's Allfirst Projections. To determine a projected dividend stream that Allfirst could generate, Lehman Brothers assumed a constant tangible equity to tangible asset ratio of 5.40%. Lehman Brothers used discount rates of 11% to 13% and a terminal value based on a range of multiples of estimated net income in 2008 of 12.0x to 14.0x. Based on these discount rates, terminal values, and taking into account the impact of cost savings estimated by M&T, Lehman Brothers calculated a range of change-of-control values of Allfirst of approximately \$3.1 billion to \$3.6 billion. Lehman Brothers concluded that such analysis was supportive of its opinion as to the fairness, from a financial point of view, of the consideration to be paid by M&T to AIB in the Exchange. As indicated above, this analysis is not necessarily indicative of actual values or actual future results. Discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on

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the assumptions that must be made, including earnings growth rates, dividend payout rates, terminal values and discount rates.

*Discounted Cash Flow Analysis of M&T.* As part of its analysis, Lehman Brothers prepared a discounted cash flow model to estimate the notional present value of the after-tax cash flows that M&T could provide to equity holders through calendar year 2008 on a stand-alone basis. In connection with this analysis, Lehman Brothers used third-party consensus earnings estimates published by I/B/E/S to estimate the future performance of M&T. To determine a projected dividend stream that M&T could generate, Lehman Brothers assumed a constant tangible equity to tangible asset ratio of 5.40%. Lehman Brothers used discount rates of 11% to 13% and a terminal value based on a range of multiples of estimated net income in 2008 of 12.0x to 14.0x. Based on these discount rates and terminal values, Lehman Brothers calculated a stand-alone range of per share values of M&T of approximately \$80 per share to \$98 per share. Lehman Brothers concluded that such analysis was supportive of its opinion as to the fairness, from a financial point of view, of the consideration to be paid by M&T to AIB in the Exchange. As indicated above, this analysis is not necessarily indicative of actual values or actual future results. Discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including earnings growth rates, dividend payout rates, terminal values and discount rates.

*Pro Forma Analysis.* Lehman Brothers analyzed the pro forma effect of the transaction on the earnings per share of M&T. For the purposes of this analysis, Lehman Brothers assumed (i) a consideration mix of 26.7 million shares of M&T common stock and \$886.1 million of cash, (ii) M&T's Allfirst Projections, (iii) financial forecasts for M&T based on third-party consensus earnings estimates published by I/B/E/S, and (iv) the cost savings and balance sheet restructuring from the transaction determined by the management of M&T. Lehman Brothers estimated that, based on the assumptions described above, the pro forma impact of the transaction would be accretive to both GAAP and cash earnings per share of M&T in the first full year following the transaction, assuming a closing date in the first quarter of 2003. The financial forecasts that underlie this analysis are subject to substantial uncertainty and, therefore, actual results may be substantially different. Lehman Brothers concluded that such analysis was supportive of its opinion as to the fairness, from a financial point of view, of the consideration to be paid by M&T to AIB in the Exchange.

Lehman Brothers is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. M&T selected Lehman Brothers because its expertise, reputation and familiarity with M&T, Allfirst and the depository industry generally and because its investment banking professionals have substantial experience in transactions comparable to the Exchange.

As compensation for its services in connection with the Exchange, M&T has agreed to pay Lehman Brothers a customary fee upon the delivery of this opinion. An additional customary payment will be paid to Lehman Brothers at the closing of the transaction. In addition, M&T has agreed to reimburse Lehman Brothers for reasonable out-of-pocket expenses incurred in connection with the Exchange and to indemnify Lehman Brothers for certain liabilities that may arise out of its engagement by M&T and the rendering of the Lehman Brothers Opinion. Lehman Brothers has previously rendered, and may in the future render, investment banking services to M&T, Allfirst and AIB and has received and in the future may receive customary fees for such services.

In the ordinary course of its business, Lehman Brothers may actively trade in the securities of M&T, Allfirst and AIB for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

## **Terms of the Exchange**

Under the terms of the Reorganization Agreement and applicable law, M&T will acquire all of the issued and outstanding shares of Allfirst in exchange for the issuance to AIB of 26,700,000 shares of M&T common stock and the payment to AIB of approximately \$886 million in cash. Shareholders of M&T common stock



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will not be entitled to statutory dissenters' rights in connection with the Exchange. As provided in the Reorganization Agreement, promptly following the exchange of the M&T stock and cash for the Allfirst stock, Allfirst will merge with and into M&T, with M&T continuing as the surviving entity (the Allfirst Merger). Following the Exchange and the Allfirst Merger, Allfirst Bank will merge with and into M&T Bank with M&T Bank being the surviving entity (the Bank Merger).

### **Relationship of M&T and AIB after the Exchange**

As a result of the Exchange, AIB will own approximately 22.5% of the issued and outstanding shares of M&T common stock. The Reorganization Agreement includes several provisions relating to the corporate governance of M&T, such as AIB's representation on the M&T board and key board committees and certain provisions protecting AIB's rights, including provisions giving AIB's designees on M&T's board consent rights with respect to certain M&T actions, such as engaging in activities not permissible for a bank holding company, and provisions requiring that other M&T actions, such as acquisitions and dispositions of significant amounts of assets, not be opposed by an AIB designee and at least one additional non-AIB board member. These rights and requirements will be effected by the proposed amendments to the M&T bylaws and are described in detail under PROPOSED AMENDMENT #1 TO THE M&T BANK CORPORATION CERTIFICATE OF INCORPORATION. M&T will also have representation on the AIB board as a result of the Exchange.

### ***Board of Directors; Management***

As a result of the Exchange, AIB will hold approximately 22.5% of the issued and outstanding shares of M&T common stock. In defining their relationship after the Exchange, M&T and AIB have negotiated certain agreements regarding share ownership and corporate governance issues such as board representation, with the number of AIB's representatives on the M&T and M&T Bank boards being dependent upon the amount of M&T common stock held by AIB. M&T will have a right to nominate one member of the AIB board, reasonably acceptable to AIB, until AIB no longer holds at least 15% of the outstanding shares of M&T common stock. The M&T board of directors will be increased from 24 members to 28 members, effective as of the Closing Date, and will include four members designated by AIB, each of whom is reasonably acceptable to M&T (collectively, the AIB Designees). Further, the M&T board of directors will elect, as of the Closing Date, one of the AIB Designees to each of the Executive Committee, Nomination and Compensation Committee and Audit Committee (or any committee or committees performing comparable functions) of the M&T board of directors. Any such AIB Designees will meet the requisite independence and expertise requirements prescribed under applicable law or stock exchange rules. It is currently expected that the AIB Designees will include Mr. Michael Buckley, Mr. Eugene Sheehy and two additional directors to be identified by AIB, one of whom will be independent of AIB and M&T. In addition, the board of directors of M&T Bank will be expanded from 23 members to 27 members, including four members designated by AIB, each of whom is reasonably acceptable to M&T.

From and after the Closing Date, as long as AIB remains a significant shareholder of M&T, AIB will have representation on the boards of directors of both M&T and M&T Bank as follows:

As long as AIB holds at least 15% of the outstanding shares of M&T common stock, AIB will be entitled to designate four persons on both the M&T and M&T Bank boards of directors and representation on the committees of the M&T board described above.

If AIB holds at least 10%, but less than 15%, of the outstanding shares of M&T common stock, AIB will be entitled to designate at least two people on both the M&T and M&T Bank boards of directors.

If AIB's ownership interest in M&T is at least 5%, but less than 10%, of the outstanding shares of M&T common stock, AIB will be entitled to designate at least one person on both the M&T and M&T Bank boards of directors.

As long as AIB holds at least 15% of the outstanding shares of M&T common stock, neither M&T's board of directors nor M&T Bank's board of directors will consist of more than twenty-eight directors without the consent of the AIB Designees.

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If AIB's holdings of M&T common stock fall below 15%, but not lower than 12% of the outstanding shares of M&T common stock, AIB will continue to have the same rights that it would have had if it owned 15% of the outstanding shares of M&T common stock, as long as AIB restores its ownership percentage to 15% within one year. Additionally, as described in more detail below, M&T has agreed to repurchase shares of M&T common stock in order to offset dilution to AIB's ownership interests that may otherwise be caused by issuances of M&T common stock under M&T employee and director benefit or stock purchase plans. Dilution of AIB's ownership position caused by such issuances will not be counted in determining whether a Sunset Date has occurred or whether any of AIB's other rights under the Reorganization Agreement have terminated. The date on which AIB no longer holds at least 15% of the M&T common stock, calculated as described in this paragraph, is referred to in this document as the Sunset Date.

AIB has informed M&T that Mr. Michael Buckley, the Group Chief Executive of AIB, will be among the AIB Designees and it is expected that Mr. Buckley will become a member of the M&T board's executive committee. In addition, Mr. Eugene Sheehy, currently Chairman and CEO of AIB's US Division is expected to be among the AIB Designees and, in addition, will become Chairman and CEO of M&T Bank's Maryland and Pennsylvania divisions. Mr. Sheehy will join the Executive Management Committee of M&T Bank. AIB has informed M&T that it expects to identify an independent outside director as one of the other two AIB Designees prior to completion of the Exchange. Mr. Wilmers will continue as Chairman, President and CEO of M&T and chairman and CEO of M&T Bank. Mr. Wilmers will also join the AIB Group board of directors, as a non-executive director and M&T's designee.

Information regarding the current directors of M&T and Allfirst is included in documents incorporated in this document by reference. See WHERE YOU CAN FIND MORE INFORMATION and DOCUMENTS INCORPORATED BY REFERENCE.

***Amendments to M&T's Bylaws***

Pursuant to the Reorganization Agreement, M&T has agreed to amend and restate its bylaws in the form attached hereto as Appendix E. The following description of the amended bylaws is qualified in its entirety by reference to Appendix E.

The amended bylaws will provide that, from and after the Closing Date until the Sunset Date, the M&T board may not take or make any recommendation to M&T shareholders regarding the following actions without the approval of the Executive Committee, including the approval of the AIB Designee serving on the committee:

Any amendment of M&T's Certificate of Incorporation or bylaws that would be inconsistent with the rights described in this section or that would otherwise have an adverse effect on the board representation, committee representation or other rights of AIB contemplated by the Reorganization Agreement;

Any activity not permissible for a U.S. bank holding company;

The adoption of any shareholder rights plan or other measures having the purpose or effect of preventing or materially delaying completion of any transaction involving a change in control of M&T; and

Any public announcement disclosing M&T's desire or intention to take any of the foregoing actions.

The amended bylaws will also provide that, from and after the Closing Date until the Sunset Date, the M&T board may only take or make any recommendation to M&T shareholders regarding the following actions if the action has been approved by the Executive Committee (in the case of the first four items and sixth item below) or Nomination and Compensation Committee (in the case of the fifth item below) and the

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members of such committee not voting in favor of the action do not include the AIB Designee serving on such committee and at least one other member of the committee who is not an AIB Designee:

Any reduction in M&T's cash dividend policy such that the ratio of cash dividends to net income is less than 15%, or any extraordinary dividends or distributions to holders of M&T common stock;

Any acquisition of any assets or businesses, (1) if the consideration is in M&T common stock, where the stock consideration paid by M&T exceeds 10% of the aggregate voting power of M&T common stock and (2) if the consideration is cash, M&T stock or other consideration, where the fair market value of the consideration paid by M&T exceeds 10% of the market capitalization of M&T, as determined under the Reorganization Agreement;

Any sale of any assets or businesses in which the value of the aggregate consideration to be received exceeds 10% of the market capitalization of M&T, as determined under the Reorganization Agreement;

Any liquidation or dissolution of M&T;

The appointment or election of the Chairman of the Board of Directors or the Chief Executive Officer of M&T; and

Any public announcement disclosing M&T's desire or intention to take any of the foregoing actions prior to obtaining the requisite committee approval.

As more fully set forth in Appendix E, the amended bylaws will also contain provisions reflecting the AIB rights described under Board of Directors; Management.

The proposed Amendment #1 to the M&T Certificate of Incorporation, which is attached hereto as Appendix C, provides that the provisions of the bylaws described above may not be amended or repealed without the unanimous approval of the entire M&T board or the approval of the holders of not less than 80% of the outstanding shares of M&T common stock. The provisions of the bylaws described above will automatically terminate when AIB holds less than 5% of the outstanding shares of M&T common stock, as determined under the Reorganization Agreement. See PROPOSED AMENDMENT #1 TO THE M&T BANK CORPORATION CERTIFICATE OF INCORPORATION.

***Investment Parameters***

The Reorganization Agreement provides that, from the Closing Date through the second anniversary of the Sunset Date, without prior written consent of the M&T board, AIB will not, directly or indirectly, acquire or offer to acquire (except by way of stock dividends, offerings made available to M&T shareholders generally, or pursuant to compensation plans) more than 25% of the then outstanding shares of M&T common stock. Further, during this period, AIB and AIB's subsidiaries have agreed not to participate in any proxy solicitation or to otherwise seek to influence any M&T shareholder with respect to the voting of any shares of M&T common stock for the approval of any shareholder proposals.

The Reorganization Agreement also provides that, during this period, AIB will not make any public announcement with respect to any proposal or offer by AIB or any AIB subsidiary with respect to certain transactions (such as mergers, business combinations, tender or exchange offers, the sale or purchase of securities or similar transactions) involving M&T or any of the M&T subsidiaries. The Reorganization Agreement also provides that, during this period, AIB may not subject any shares of M&T common stock to any voting trust or voting arrangement or agreement and will not execute any written consent as a shareholder with respect to the M&T common stock.

The Reorganization Agreement also provides that, during this period, AIB will not seek to control or influence the management, the board of directors of M&T or policies of M&T, including through communications with shareholders of M&T or otherwise, except through non-public communications with the directors of M&T, including the AIB Designees.

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These restrictions on AIB will no longer apply if a third party commences or announces its intention to commence a tender offer or an exchange offer and, within a reasonable time, the M&T board either does not recommend that shareholders not accept the offer or fails to adopt a shareholders rights plan, or if M&T or M&T Bank becomes subject to any regulatory capital directive or becomes an institution in troubled condition under applicable banking regulation. However, in the event the tender offer or exchange offer is not commenced or consummated in accordance with its terms, the restrictions on AIB described above will thereafter continue to apply.

***Anti-Dilution Protections***

M&T has agreed that, after the Closing Date and until the Sunset Date, in the event M&T issues shares of M&T stock (other than certain issuances to employees pursuant to option and benefit plans), subject to applicable law and regulatory requirements, AIB will have the right to purchase at fair market value up to the number of shares of M&T common stock required to increase or maintain its equity interest in M&T to 22.5% of the then outstanding M&T common stock.

M&T has also agreed that following the Closing Date until the Sunset Date, in connection with any issuance of M&T stock pursuant to employee option or benefit plans, M&T will as soon as reasonably practicable, taking into account applicable law, regulatory capital requirements, capital planning and risk management, take such necessary actions that AIB's proportionate ownership of M&T common stock is not reduced as a result of such issuances, including by funding such issuances through purchases of M&T common stock in the open market or by undertaking share repurchase programs. M&T has agreed that, subject to applicable law, in the event that, as of the Closing Date, the stock that AIB is entitled to receive in the Exchange represents less than 22.5% of M&T's outstanding common stock, M&T will repurchase prior to December 31, 2003 a sufficient number of shares of outstanding M&T common stock so that the amount of stock that AIB was entitled to receive as of the Closing Date will equal 22.5% of the issued and outstanding shares of M&T common stock. If for any reason M&T does not repurchase shares as required by the first sentence of this paragraph within one year following the employee issuance or as required by the second sentence of this paragraph by December 31, 2003, then the shares of M&T common stock issued pursuant to such employee issuance will be deemed to be an issuance occurring on the last day of the relevant period and will entitle AIB to the anti-dilution purchase rights described in the immediately preceding paragraph. No reduction in AIB's percentage ownership of the outstanding M&T common stock resulting from any issuance of shares that are subject to M&T's repurchase obligations as described in this paragraph will be taken into account in determining whether the Sunset Date has occurred or whether any of AIB's other rights under the Reorganization Agreement have terminated.

***Sale of M&T Common Stock; Right of First Refusal in Certain Circumstances***

The M&T common stock issued pursuant to the Exchange will not be registered under the Securities Act of 1933 and may only be disposed of by AIB pursuant to an effective registration statement or pursuant to an exemption from registration under the Securities Act and subject to the provisions of the Reorganization Agreement. These shares of M&T common stock issued in connection with the Exchange are the subject of a Registration Rights Agreement to be entered into between AIB and M&T prior to the completion of the Exchange, which will be in the form attached as Exhibit C to the Reorganization Agreement.

The form of Registration Rights Agreement provides that upon AIB's request, M&T will file a registration statement relating to all or a portion of AIB's shares of M&T common stock providing for the sale of such shares by AIB from time to time on a continuous basis pursuant to Rule 415 under the Securities Act, provided that M&T need only effect one such shelf registration in any 12-month period. In addition, the form of Registration Rights Agreement provides that AIB is entitled to demand registration under the Securities Act of all or part of its shares of M&T stock, provided that M&T is not obligated to effect two such demand registrations in any 12-month period. Any demand or shelf registration must cover no less than one million shares.

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The form of Registration Rights Agreement further provides that in the event M&T proposes to file a registration statement other than pursuant to a shelf registration or demand registration or Forms S-8 or S-4, for an offering and sale of shares by M&T in an underwritten offering or an offering and sale of shares on behalf of one or more selling shareholders, M&T must give AIB notice at least 15 days prior to the anticipated filing date, and AIB may request that all or a portion of its M&T common shares be included in the registration statement. M&T will honor the request, unless the managing underwriter advises M&T in writing that in its opinion the inclusion of all shares requested to be included by M&T, the other selling shareholders, if any, and AIB would materially and adversely affect the offering, in which case M&T may limit the number of shares included in the offering to a number that would not reasonably be expected to have such an effect. In such event, the number of shares to be included in the registration statement shall first include the number of shares requested to be included by M&T and then the shares requested by other selling shareholders, including AIB, on a pro rata basis according to the number of shares requested to be included in the registration statement by each shareholder.

As long as AIB holds 5% or more of the outstanding shares of M&T common stock, AIB will not dispose of any of its shares of M&T common stock except, subject to the terms and conditions of the Reorganization Agreement and applicable law, in a widely dispersed public distribution; a private placement in which no one party acquires the right to purchase more than 2% of the outstanding shares of M&T common stock; an assignment to a single party (such as a broker or investment banker) for the purpose of conducting a widely dispersed public distribution on AIB's behalf; pursuant to Rule 144 under the Securities Act; pursuant to a tender or exchange offer to M&T's shareholders not opposed by M&T's board of directors, or open market purchase programs made by M&T; with the consent of M&T, which consent will not be unreasonably withheld, to a controlled subsidiary of AIB; or pursuant to M&T's right of first refusal as described below.

The Reorganization Agreement provides that until AIB no longer holds at least 5% of the outstanding shares of M&T common stock, if AIB wishes to sell or otherwise transfer any of its shares of M&T common stock other than as described in the preceding paragraph, AIB must first submit an offer notice to M&T identifying the proposed transferee and setting forth the proposed terms of the transaction, which shall be limited to sales for cash, cash equivalents or marketable securities. M&T will have the right, for 20 days following receipt of an offer notice from AIB, to purchase all (but not less than all) of the shares of M&T common stock that AIB wishes to sell, on the proposed terms specified in the offer notice. If M&T declines or fails to respond to the offer notice within 20 days, AIB may sell all or a portion of the M&T shares specified in the offer notice to the proposed transferee at a purchase price equal to or greater than the price specified in the offer notice, at any time during the three months following the date of the offer notice, or, if prior notification to or approval of the sale by the Federal Reserve Board or another regulatory agency is required, AIB shall pursue regulatory approval expeditiously and the sale may occur on the first date permitted under applicable law.

### ***Certain Post-Closing Bank Regulatory Matters***

After the Exchange, the M&T board expects that the Federal Reserve will deem AIB to be the parent bank holding company of M&T for purposes of the Bank Holding Company Act of 1956, as amended. Among other things, this means that, should M&T propose to make an acquisition or engage in a new type of activity that requires the submission of an application or notice to the Federal Reserve Board, AIB, as well as M&T, may also be required to file an application or notice. The Reorganization Agreement provides that AIB will make any applications, notices or filings that M&T determines to be necessary or desirable, provided that AIB is not required to incur any expense or make any commitment in connection with this obligation, nor is it required to submit any application or give any notice with respect to any proposed acquisition by M&T of a banking institution headquartered in Ireland or Poland. The Reorganization Agreement also requires AIB not to take any action that would have a material adverse effect on M&T and to advise M&T prior to entering into any material transaction or activity. These provisions of the Reorganization Agreement would no longer apply if AIB ceased to be the parent bank holding company of M&T and also was not otherwise considered to control M&T for purposes of the Bank Holding Company Act.

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Pursuant to the Reorganization Agreement, if, as a result of any administrative enforcement action under Section 8 of the Federal Deposit Insurance Act, memorandum of understanding, written agreement, supervisory letter or any other action or determination of any regulatory agency relating to the status of AIB (but not relating to the conduct of M&T or any subsidiary of M&T), M&T or M&T Bank also becomes subject to such an action, memorandum, agreement or letter that relates to M&T or any M&T subsidiary, or experiences any fact, event or circumstance that affects M&T's regulatory status or compliance, and that in either case would be reasonably likely to create a material burden on M&T or to cause any material adverse economic or operating consequences to M&T or an M&T subsidiary (a Material Regulatory Event), then M&T will notify AIB thereof in writing as promptly as practicable. Should AIB fail to cure the Material Regulatory Event within 90 days following the receipt of such notice, AIB will, as promptly as practicable but in no event later than 30 days from the end of the cure period, take any and all such actions (with the reasonable cooperation of M&T as requested by AIB) as may be necessary or advisable in order that it no longer has control of M&T for purposes of the Bank Holding Company Act, including, if necessary, by selling some or all of its shares of M&T common stock (subject to the right of first refusal provisions of the Reorganization Agreement) and divesting itself as required of its board and committee representation and governance rights as set forth in the Reorganization Agreement. If, at the end of such 30-day period, the Material Regulatory Event is continuing and AIB has not terminated its control of M&T, then M&T will have the right to repurchase, at fair market value, such amount of the M&T common stock owned by AIB as would result in AIB holding no less than 4.9% of the outstanding shares of M&T common stock, pursuant to the procedures detailed in the Reorganization Agreement.

As long as AIB is considered to control M&T for purposes of the Bank Holding Company Act or the federal Change in Bank Control Act, if AIB acquires any insured depository institution with total assets greater than 25% of the assets of M&T's largest insured depository institution subsidiary, then within two years AIB must terminate its affiliation with the insured depository institution or take such steps as may be necessary so that none of M&T's bank subsidiaries would be subject to cross guarantee liability for losses incurred if the institution AIB acquired potentially were to fail. This liability applies under the Federal Deposit Insurance Act to insured depository institutions that are commonly controlled. The actions AIB would take could include disposing of shares of M&T common stock and/or surrendering its representation or governance rights. Also, if such an insured depository institution that is controlled by AIB and of the size described in the first sentence of this paragraph that would be considered to be commonly controlled with M&T's insured depository institution subsidiaries fails to meet applicable requirements to be adequately capitalized under applicable U.S. banking laws, then AIB will have to take the actions described in the previous sentence no later than 180 days after the date that the institution failed to meet those requirements, unless the institution is sooner returned to adequately capitalized status.

***Employees***

Following the completion of the Exchange, M&T will provide individuals employed by Allfirst and its subsidiaries, as of the Closing Date and while they are employed by M&T and its subsidiaries, compensation and employee benefits that in the aggregate are not less favorable than those provided to similarly situated employees of M&T and its subsidiaries, provided that M&T may continue the coverage of such Allfirst employees under one or more Allfirst plans during a transition period of not more than six months from the completion of the Exchange. Following the completion of the Exchange, M&T generally will (1) recognize such Allfirst employees' prior service with Allfirst and its subsidiaries for all purposes (other than for benefit accrual purposes under a defined benefit pension plan) under the M&T compensation and employee benefit plans to the same extent as if such Allfirst employees were employed by M&T and its subsidiaries during the period of such prior service; (2) cause any pre-existing conditions and eligibility waiting periods under any group health plans of M&T to be waived with respect to such Allfirst employees; (3) give each such Allfirst employee credit for the plan year in which the Exchange is completed towards deductibles and annual out-of-pocket limits for expenses incurred prior to the completion of the Exchange; and (4) assume and honor, in accordance with their terms, all benefit obligations to, and contractual rights of such Allfirst employees, provided that M&T may amend or terminate any benefit plan or contract in accordance with its terms and applicable law, and provided further that, if such an Allfirst employee is terminated within one year of the

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completion of the Exchange, he or she will generally receive severance pay and benefits equal to the greater of those provided under the applicable M&T severance practices or the Allfirst severance plan.

AIB has also agreed that from the Closing Date until the later of the Sunset Date and two years following the Closing Date, neither AIB nor its affiliates will solicit for employment any former Allfirst employees who were employed by Allfirst on the Closing Date. However, this restriction does not prohibit actions such as AIB's solicitation of an employee who contacts AIB on his or her own initiative without solicitation or those who answer generalized solicitations or employees who were terminated by M&T or Allfirst or otherwise terminated their employment without any prior solicitation in violation of the Reorganization Agreement.

**Representations and Warranties; Conditions to the Exchange; Waiver**

The Reorganization Agreement contains representations and warranties by M&T, AIB and Allfirst regarding various legal, financial, business and regulatory matters. The representations and warranties will not survive after the Exchange.

The respective obligations of M&T, AIB and Allfirst to complete the Exchange are subject to the fulfillment of the following conditions:

all corporate actions necessary to complete the Exchange having been taken by the parties, including obtaining approval by the necessary vote of M&T shareholders of the issuance of M&T common stock in the Exchange and the proposed amendment to M&T's certificate of incorporation regarding corporate governance matters and obtaining approval by the necessary vote of AIB shareholders of the Exchange;

receipt of all regulatory approvals required or mutually deemed necessary by the parties, expiration of all notice and waiting periods required after the grant of any such approvals and the satisfaction of all pre-consummation conditions contained in any such approval; except that no such approval will have imposed any condition or requirement which, in the reasonable good faith opinion of the board of directors of M&T or AIB, so materially and adversely affects the anticipated economic and business benefits to the applicable party of the transactions contemplated by the Reorganization Agreement as to render consummation of such transaction inadvisable. AIB and M&T have agreed that, if the Written Agreement, dated as of May 15, 2002, by and among AIB, Allfirst, Allfirst Bank, the Federal Reserve Bank of Richmond, the Maryland Commissioner of Financial Regulation and the Central Bank of Ireland in connection with the fraudulent foreign exchange events at Allfirst (the "Written Agreement") has not ceased to be in force or effect as of the closing date of the Exchange, or AIB, M&T or any of M&T's subsidiaries is declared to be in "troubled condition" under relevant U.S. bank regulations or if any related condition of AIB would constitute a "Material Regulatory Event" (as defined under "Certain Post-Closing Bank Regulatory Matters"), AIB and M&T will each have the right to deem that occurrence to be covered by the exception to the preceding sentence, unless AIB or M&T, as the case may be, is satisfied in its sole and absolute discretion that any and all elements of the Written Agreement or such condition that have a continuing force or effect, and any collateral consequences from the continuation of the Written Agreement or such condition, would not burden such party in any material respect or cause any potential adverse economic or operating consequences for such party;

receipt of all third-party consents or waivers required in connection with the Exchange under agreements to which Allfirst or any Allfirst subsidiary is a party, unless the failure to obtain any such consents or waivers, individually or in the aggregate, would not have a material adverse effect on Allfirst;

the absence of any court or agency order prohibiting completion of the transactions contemplated by the Reorganization Agreement;

approval for listing of the shares of M&T common stock to be issued on the New York Stock Exchange;

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receipt by M&T and AIB of the tax opinions described in Material Federal Income Tax Consequences ;

the accuracy of the representations and warranties of the other party to the Reorganization Agreement as of the date of the Reorganization Agreement and as of the Closing Date, except for inaccuracies that would not, individually or in the aggregate, have a material adverse effect on the party making those representations and warranties;

material compliance by the other party with all covenants required to be performed at or prior to the Closing Date; and

receipt of customary officer s certificates as to the preceding two items.

Except where prohibited by law, M&T and AIB may at any time, whether before or after approval of the Reorganization Agreement by the shareholders of Allfirst or M&T, extend the time for the performance of any of the obligations or other acts of AIB or Allfirst, on the one hand, or M&T, on the other hand, and may waive any inaccuracies in the representations or warranties made by the other party, compliance with any of the covenants, undertakings or agreements of such party, or satisfaction of any of the conditions precedent to its obligations, or the performance by such other party of any of its obligations under the Reorganization Agreement. Certain conditions to the consummation of the Exchange cannot be waived as a matter of law, including the receipt of required regulatory approvals and the absence of a government order enjoining or prohibiting consummation of the Exchange or any other transaction contemplated by the Reorganization Agreement.

**Regulatory Approvals Needed to Complete the Exchange**

The Exchange is subject to the prior approval of the Board of Governors of the Federal Reserve System ( Federal Reserve ) under the Bank Holding Company Act and to the approval of the Central Bank of Ireland, AIB s principal banking regulator. Federal Reserve approval is required both with respect to M&T s acquisition of Allfirst and AIB s acquisition of M&T common stock in the Exchange, and the related governance arrangements. The Exchange also is subject to the approval of the New York Banking Department under the New York State Banking Law, the Maryland Commissioner of Financial Regulation under the Maryland Financial Institutions Code and the Pennsylvania Banking Department under the Pennsylvania statutes, as well as the approval of the Delaware and Virginia banking regulators. The Bank Merger is subject to the approval of the Federal Reserve under the Bank Merger Act. The Bank Merger also is subject to the approval of the New York Banking Department under the New York State Banking Law and the Maryland Commissioner of Financial Regulation under the Maryland Financial Institutions Code. In addition, filings with various state regulatory agencies and self-regulatory bodies may be required in connection with M&T s acquisition of control of certain of Allfirst s non-bank subsidiaries, and in connection with AIB s indirect investment in certain of M&T s non-bank subsidiaries (including insurance, broker/dealer, finance company and investment advisory subsidiaries).

The Federal Reserve, in reviewing applications under the Bank Holding Company Act and the Bank Merger Act, must consider, among other factors, the competitive effect of the contemplated transaction, the managerial and financial resources and future prospects of the institutions involved and the effect of the contemplated transaction on the convenience and needs of the communities to be served. Under the Community Reinvestment Act of 1977, as amended, the Federal Reserve also must take into account the record of performance of each of M&T Bank, Allfirst Bank and the other M&T and Allfirst bank subsidiaries in meeting the credit needs of its assessment areas, including low and moderate income neighborhoods. In addition, each of the Bank Holding Company Act and the Bank Merger Act provides that a transaction approved by the Federal Reserve under these statutes generally may not be consummated until thirty days after approval by such agency, during which time the U.S. Department of Justice may challenge the transaction on antitrust grounds. If the U.S. Department of Justice and the Federal Reserve agree, this thirty-day period may be reduced to not less than fifteen days.



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In considering whether to approve the Exchange and AIB's becoming the parent bank holding company of M&T, the New York State Banking Department will generally consider factors similar to those considered by the Federal Reserve under the Bank Holding Company Act and the Bank Merger Act, including whether the transaction is consistent with adequate or sound banking, the competitive effects of the transaction, and the public interest and the needs and convenience thereof. The Banking Department will also consider the institutions performance under the New York State equivalent of the Community Reinvestment Act. Other state banking regulators consider similar factors in applying their states' statutes and regulations.

The M&T board is not aware of any governmental approvals or actions that are required for completion of the Exchange except as described above. Should any such approval or action be required it is presently contemplated that such approval or action would be sought. M&T will not proceed with the Exchange in the absence of the required regulatory approvals, and there can be no assurance that all such approvals will be obtained. Further, if approved, there can be no assurance as to the date of such approvals, or that such approvals will not be conditioned upon matters that would cause the AIB board or the M&T board to abandon the Exchange pursuant to the provisions of the Reorganization Agreement. Likewise, there can be no assurance that there will be no legal challenges to the Exchange, including attempts by the Department of Justice or any state attorney general to challenge these transactions on antitrust grounds, or if such a challenge is made, as to the result of the challenge. See Representations and Warranties; Conditions to the Exchange; Waiver and Effective Date of the Exchange; Terminating the Agreement.

The approval of any application merely implies satisfaction of regulatory criteria for approval, which do not include a review of the Exchange from the standpoint of the adequacy of the consideration that Allfirst shareholders are to receive from a financial point of view. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the Exchange.

**Covenants; Conduct of Business Pending the Exchange**

The parties have agreed to use their reasonable best efforts in good faith to obtain as soon as practicable all of the consents and approvals necessary or desirable for the consummation of the Exchange, including obtaining the necessary approvals of their respective shareholders and all required regulatory approvals (in the case of AIB, these approvals include the approval of the Exchange by the holders of the capital stock of AIB in accordance with the listing rules of the UK Listing Authority and the Irish Stock Exchange). None of them may take any action that would substantially impair the prospects of completing, or would materially delay, the Exchange or that would adversely affect the desired income tax consequences of the Exchange.

Under the terms of the Reorganization Agreement, AIB and Allfirst will use their respective reasonable best efforts to cause the Written Agreement (as defined under Representations and Warranties; Conditions to the Exchange; Waiver ), to be terminated in all material respects effective at or prior to the Closing Date of the Exchange.

Each of M&T and AIB will use its reasonable best efforts to preserve its respective properties, business and relationships with customers, employees and others and each of M&T and Allfirst agreed to carry on its respective business in the usual, regular and ordinary course in substantially the same manner as conducted prior to the execution of the Reorganization Agreement. In addition, neither Allfirst nor M&T may, without the prior written consent of the other party, except as otherwise expressly contemplated or permitted by the Reorganization Agreement or the disclosure letters provided by each party to the other in connection with execution of the Reorganization Agreement:

declare or pay any dividends or other distributions on capital stock other than, in the case of M&T, its regular quarterly cash dividend;

issue shares of its capital stock;

incur any additional debt obligation other than in the ordinary course of business consistent with past practice;

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issue or grant any rights with respect to its capital stock or effect any recapitalization, stock split or similar change in capitalization, or redeem, repurchase or otherwise acquire any shares of its capital stock;

amend its certificate of incorporation or bylaws

in the case of AIB, impose any lien on the shares of Allfirst held by AIB;

merge with any other corporation, savings association or bank;

waive or release any material right or cancel or compromise any material debt or claim;

fail to comply with any applicable material laws or regulations;

liquidate or sell or acquire any material assets; make certain extraordinary capital expenditures; or establish new branches or close existing branches, except in accordance with plans each party has previously disclosed to the other party;

increase the compensation or benefits of its directors, officers or employees as required by law or pursuant to certain pre-existing contractual obligations;

change its lending, investment, asset/liability management or other material banking policies in any material respect except as may be required by changes in applicable law; or

change its methods of accounting in effect at December 31, 2001, except as may be required by changes in generally accepted accounting principles or change in any material respect its methods of tax return reporting, except as may be required by applicable law; or

knowingly take any action or intentionally fail to take any action that would result in the failure of any of the conditions to the consummation of the Exchange to be satisfied.

In addition, the Reorganization Agreement provides that neither M&T nor AIB nor any of their respective subsidiaries or affiliates or any of their respective officers, directors, employees or agents may directly or indirectly:

solicit, initiate or encourage any inquiries or proposals that constitute or could lead to any proposal that would constitute an Acquisition Proposal (as defined below);

engage in negotiations or discussions concerning or provide any non-public information to any party relating to an Acquisition Proposal; or

recommend or endorse any Acquisition Proposal.

Each of M&T and AIB has agreed to notify the other party promptly of any such Acquisition Proposal, and provide the other party a description of all relevant details regarding the terms of any Acquisition Proposal.

As used above, Acquisition Proposal means any proposal or offer for a merger, consolidation, business combination, tender offer, exchange offer, recapitalization, sale of assets, sale of shares or similar transactions, in the case of AIB, involving Allfirst or any of its subsidiaries, divisions or operating or business units, other than a transaction with M&T, and in the case of M&T, involving M&T or any of its subsidiaries, divisions or operating or business units where the proposal is conditioned upon non-consummation or modification of the terms of the transactions contemplated by the Reorganization Agreement or where the proposal would be reasonably expected to prohibit or materially impede or delay the transactions contemplated by the Reorganization Agreement.

***Additional Agreements***

Before the Exchange is completed, Allfirst will transfer to AIB or an AIB subsidiary for tangible book value its subsidiaries that provide services to non-profit corporations, including, Community Charitable



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Counseling Service Co., Inc., CCS Canada LLC, Community Counseling Service Ltd., CCS Ireland, Ltd. and Ketchum Canada (2002), Inc. (formerly Community Charitable Counseling Service Canada, Inc.).

Also, the parties have agreed that, if M&T Bank so requests, at the completion of the Exchange AIB will provide M&T Bank with a line of credit in the amount of \$650 million with the following terms (subject to M&T Bank maintaining its current debt ratings): 364-day term, interest rate equal to the 3-month London Interbank Offered Rate ( LIBOR ) plus 12.5 basis points, and a commitment fee payable upon drawdown of 20 basis points. The Reorganization Agreement also provides that, within 30 days after the date of the Agreement, M&T is entitled to request that AIB underwrite the credit and residual value risk of each of certain Allfirst aircraft leases identified between the parties; if M&T makes this election, it will be entitled to retain a specified percentage yield on the average book balance over the life of these assets (net of the provision related to this portfolio), and AIB will be entitled to any additional yield on the assets. Also under the Reorganization Agreement, AIB and M&T have agreed to share charge-offs and credit losses relating to specific assets identified between them.

Under the terms of the Reorganization Agreement, AIB agrees to indemnify M&T, its subsidiaries and affiliates for any damages resulting from the following possible matters: the conduct of Allfirst s non-profit subsidiaries prior to the Closing Date and the taxes attributable to Allfirst s non-profit subsidiaries; taxes for which Allfirst becomes liable as a result of the transfer of the non-profit subsidiaries; and the Fraudulent Activities (of or related to the type described in the Explanatory Statement and Footnote 20 to Allfirst s Annual Report on Form 10-K for the fiscal year ended December 31, 2001) to the extent that the damages relating to such activities are not recorded in the financial statements filed with the Securities and Exchange Commission prior to the date of the Reorganization Agreement, but not including damages to the extent related to damage to or impairment of business prospects, reputation or other similar intangible assets, including the reduction in value or writedown of goodwill, and events occurring prior to the Closing Date at a Superfund site in Millsboro, Delaware. Under the Reorganization Agreement, AIB and Allfirst are permitted to enter into an agreement pursuant to which Allfirst will assign to AIB any claims that may exist against third parties relating to the Fraudulent Activities to AIB. AIB and Allfirst intend to enter into such an agreement prior to the Closing Date.

Under the terms of the Reorganization Agreement, M&T agrees to indemnify AIB, its subsidiaries and affiliates (other than Allfirst) for any damages resulting from the following possible matters: any liability of any of Allfirst s non-profit subsidiaries for the taxes of Allfirst or any of the Allfirst subsidiaries (other than the non-profit subsidiaries) under tax regulations relating to several liability for consolidated group taxes; and any liability imposed upon AIB or the non-profit subsidiaries with respect to periods prior to the Closing Date under certain employment benefit and tax regulations that impose joint and several liability in respect of certain employee benefit liabilities, other than any such liabilities relating to employees of the non-profit subsidiaries.

**Amending the Agreement**

M&T, AIB and Allfirst may amend the Reorganization Agreement at any time by mutual written agreement.

**Closing Date of the Exchange; Terminating the Agreement**

The Closing Date will be the first business day following the satisfaction of the conditions to the consummation of the Exchange (other than conditions relating to the receipt of officers certificates and legal opinions) or on such later date as the parties may mutually agree (the Closing Date ).

M&T and Allfirst each hope that the Exchange will be completed in the first quarter of 2003. However, consummation of the Exchange could be delayed as a result of delays in obtaining the necessary regulatory approvals or the satisfaction of the closing conditions. There can be no assurances as to if or when such approvals will be obtained or that the Exchange will be completed. See Regulatory Approvals Needed to Complete the Exchange.

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The Reorganization Agreement may be terminated, either before or after approval by the shareholders of Allfirst or M&T:

by the mutual consent in writing of M&T, AIB and Allfirst;

by AIB, on one hand, or M&T, on the other hand, if the other party has, in any material respect, breached any covenant or agreement or representation or warranty contained in the Reorganization Agreement if such breach has not been cured within 45 days of the breaching party's receipt of notice of the breach and the materiality of the breach would, assuming its existence as of the Closing Date, cause the failure of any of the conditions to the terminating party's obligation to complete the Exchange;

by any party if certain applications for regulatory approval have been denied, or if a court or agency has issued a final and non-appealable order prohibiting the Exchange;

by any party if the shareholders of M&T do not approve the issuance of M&T common stock in connection with the Exchange or the authorization to amend the certificate of incorporation to add the corporate governance amendment required by the Reorganization Agreement or if the shareholders of AIB do not approve the Exchange, in either case at a meeting of shareholders duly called for that purpose; and

by any party if the closing has not occurred by the close of business on July 1, 2003, unless the failure of the closing to occur by that date is due to the failure of the party seeking termination to perform or observe the covenants and agreements set forth in the Reorganization Agreement.

**Indemnification and Insurance of Directors and Officers**

M&T has agreed that any rights to indemnification, or limitations on liability, for acts or omissions occurring at or prior to the Closing Date that currently exist in favor of any of the current or former officers or directors of Allfirst or its subsidiaries will continue and will not be modified in any manner that would adversely effect the rights of such individuals for six years after the Exchange is completed.

M&T has further agreed that, for a period of at least 6 years after the Closing Date, it will use its reasonable best efforts to cause the persons who served as Allfirst directors and officers on or prior to the Closing Date to continue to be covered by Allfirst's existing directors' and officers' liability insurance policy or another policy with terms and conditions that are not less advantageous to such directors and officers, except that M&T will not be required to spend more than 150% of the current annual amount expended by Allfirst to maintain or procure this insurance coverage.

**Material Federal Income Tax Consequences**

The following is a summary of the anticipated material United States federal income tax consequences of the Exchange and the Allfirst Merger to M&T and its shareholders. This discussion is based on the Internal Revenue Code, applicable Treasury regulations, administrative interpretations and court decisions as in effect on the date of this document. These authorities are all subject to change and any such change may be made with retroactive effect. This discussion does not address any state, local or foreign tax consequences of the Exchange and the Allfirst Merger.

*United States Federal Income Tax Treatment of the Exchange and the Allfirst Merger to M&T.* The combination of the Exchange and the Allfirst Merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and for M&T and Allfirst to be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code. Assuming that the combination of the Exchange and the Allfirst Merger so qualifies, no gain or loss will be recognized by M&T or Allfirst as a result of the combination of the Exchange and the Allfirst Merger (except for amounts resulting from any required change in accounting methods or any income or deferred gain recognized under the relevant consolidated return Treasury regulations).

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*United States Federal Income Tax Consequences to M&T Shareholders.* Because the Exchange and the Allfirst Merger will not involve any exchange by the M&T shareholders of their M&T shares, for United States federal income tax purposes, holders of M&T stock will not recognize any gain or loss as a result of the Exchange and the Allfirst Merger.

*Tax Opinions.* It is a condition to the obligation of each of M&T, Allfirst and AIB to consummate the Exchange and the Allfirst Merger that M&T receive an opinion of Arnold & Porter, special counsel to M&T, and AIB receive an opinion of Wachtell, Lipton, Rosen & Katz, special counsel to AIB, dated as of the closing date of the Exchange, substantially to the effect that the combination of the Exchange and the Allfirst Merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. These tax opinions will be based upon facts, representations and assumptions set forth or referred to in such opinions. In rendering these tax opinions, Arnold & Porter and Wachtell, Lipton, Rosen & Katz may rely on representations, facts and assumptions provided by M&T, Allfirst and AIB.

No ruling will be requested from the Internal Revenue Service regarding the United States federal income tax consequences of the Exchange and the Allfirst Merger. The tax opinions of Arnold & Porter and Wachtell, Lipton, Rosen & Katz, will not be binding on the Internal Revenue Service, and these opinions will not prevent the Internal Revenue Service from challenging the United States federal income tax treatment of the Exchange and the Allfirst Merger.

A further condition to the obligation of each of Allfirst and AIB to consummate the Exchange and the Allfirst Merger is that AIB shall have received an opinion of KPMG Dublin, dated as of the closing date of the Exchange, substantially to the effect that the Exchange will qualify for the Irish tax treatment provided for in Section 584 Taxes Consolidation Act 1997, as applied by Sections 586 and 587.

**Accounting Treatment of the Exchange**

The Exchange will be accounted for as a purchase transaction under GAAP. This means that, for financial accounting purposes, M&T will treat the two companies as one company beginning as of the date of the combination. Under this method of accounting, M&T will record the fair market value of Allfirst's assets and liabilities on its financial statements. The difference between the purchase price of the Exchange and the fair market value of Allfirst's identifiable assets net of its liabilities will be recorded on M&T's books as goodwill. Approximately \$2,248 million in goodwill and core deposit intangible assets will result from accounting for the Exchange under the purchase method of accounting.

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**UNAUDITED PRO FORMA CONDENSED COMBINED  
FINANCIAL INFORMATION**

The financial information below presents the unaudited Pro Forma Condensed Combined Balance Sheet of M&T and Allfirst at June 30, 2002, giving effect to the issuance by M&T of 26,700,000 shares of Common Stock and to the Exchange as if such transactions had occurred on that date. Also presented are the unaudited Pro Forma Condensed Combined Statements of Income for the year ended December 31, 2001, and six months ended June 30, 2002, giving effect to the issuance of M&T common stock and the Exchange as if such transactions had occurred at January 1, 2001. The pro forma financial information is based on historical consolidated financial statements of M&T and Allfirst, giving effect to the Exchange pursuant to the purchase method of accounting and the assumptions and adjustments described in the accompanying notes.

Purchase accounting adjustments and the related pro forma adjustments of income and expense accounts are based upon estimated fair market values and valuations made by M&T's management. Actual adjustments, which may include adjustments to additional assets, liabilities and other items, will be made on the basis of appraisals and evaluations as of the closing date of the Exchange and, therefore, may differ from those reflected in the unaudited Pro Forma Condensed Combined Financial Information. The fair value of the shares of M&T common stock to be issued to AIB was initially determined using the closing market price of M&T's common stock on the day prior to the date that the terms of the Exchange were publicly announced. The pro forma financial information does not give effect to the anticipated cost savings and revenue enhancements in connection with the Exchange. See THE REORGANIZATION AGREEMENT AND THE EXCHANGE M&T's Reasons for the Exchange. The pro forma financial information may not be indicative of the combined results that actually would have occurred had the Exchange been consummated on the dates indicated or which may be obtained in the future.

The following information should be read in conjunction with and is qualified in its entirety by the consolidated financial statements and accompanying notes of M&T and Allfirst included in the documents described under WHERE YOU CAN FIND MORE INFORMATION and DOCUMENTS INCORPORATED BY REFERENCE.

**Table of Contents****M&T BANK CORPORATION****PRO FORMA CONDENSED COMBINED BALANCE SHEET**(Dollars In Thousands)  
(Unaudited)

The following unaudited pro forma condensed combined balance sheet, as of June 30, 2002, is presented to show the impact of the Exchange on M&T's historical financial condition. The Exchange has been reflected under the purchase method of accounting.

	June 30, 2002			
	M&T	Allfirst	Pro Forma Adjustments	Pro Forma
<b>Assets</b>				
Cash and due from banks	\$ 864,158	808,195	(4)(a)	\$ 1,672,349
Money-market assets	92,514	745,170	(3,294)(a)	834,390
Investment securities	2,960,512	3,406,233	(3,137)(a)	6,363,608
Loans and leases	25,811,365	10,911,035		36,722,400
Unearned discount	(207,796)	(164,724)		(372,520)
Allowance for credit losses	(436,395)	(181,039)		(617,434)
Loans and leases, net	25,167,174	10,565,272		35,732,446
Premises and equipment	247,401	245,799	(1,074)(a)	492,126
Goodwill	1,097,553	772,541	(772,541)(b)	1,980,725 (d)
Amortizing intangible assets	143,589	17,033	(17,033)(b)	3,078,278
Accrued interest and other assets	1,112,630	750,676	267,244 (d)	410,833
			(136,748)(c)	
			8,229 (a)	
			(5,728)(a)	1,729,059
<b>Total assets</b>	<b>\$31,685,531</b>	<b>17,310,919</b>	<b>1,316,639</b>	<b>\$50,313,089</b>
<b>Liabilities and shareholders equity</b>				
Interest-bearing deposits	\$18,057,064	8,479,034		\$26,536,098
Short-term borrowings	2,244,272	2,128,531		4,372,803
Long-term borrowings	4,211,920	1,209,270	(298)(a)	886,107 (d)
Interest-bearing liabilities	24,513,256	11,816,835	885,809	6,306,999
Non-interest bearing deposits	3,800,508	3,118,504		37,215,900
Other liabilities	394,882	624,402	9,000 (e)	6,919,012
			108 (e)	
			86,072 (c)	
			97,582 (d)	
			(4,710)(a)	1,207,336
<b>Total liabilities</b>	<b>28,708,646</b>	<b>15,559,741</b>	<b>1,073,861</b>	<b>45,342,248</b>



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Preferred equity		9,000	(9,000)(e)	
Minority interest		108	(108)(e)	
Common equity	2,976,885	1,742,070	(1,742,070)(d)	
			1,993,956 (d)	4,970,841
<b>Total shareholders equity</b>	<b>2,976,885</b>	<b>1,751,178</b>	<b>242,778</b>	<b>4,970,841</b>
<b>Total liabilities and shareholders equity</b>	<b>\$31,685,531</b>	<b>17,310,919</b>	<b>1,316,639</b>	<b>\$50,313,089</b>

See accompanying Notes to Pro Forma Condensed Combined Financial Information

**Table of Contents****M&T BANK CORPORATION****PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME****(Dollars In Thousands, Except Per Share Data)  
(Unaudited)****For the Six Months Ended June 30, 2002**

	<b>M&amp;T</b>	<b>Allfirst</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma</b>
<b>Interest income</b>				
Loans and leases, including fees	\$ 840,146	301,196		\$ 1,141,342
Money-market assets	2,335	6,565	(11)(a)	8,889
<b>Investment securities</b>				
Fully taxable	69,940	82,617		152,557
Exempt from federal taxes	10,191	12,283		22,474
<b>Total interest income</b>	<b>922,612</b>	<b>402,661</b>	<b>(11)</b>	<b>1,325,262</b>
<b>Interest expense</b>				
Deposits	195,847	103,287		299,134
Short-term borrowings	24,708	17,010		41,718
Long-term borrowings	91,521	26,543	(12)(a)	
			22,153 (d)	140,205
<b>Total interest expense</b>	<b>312,076</b>	<b>146,840</b>	<b>22,141</b>	<b>481,057</b>
<b>Net interest income</b>	<b>610,536</b>	<b>255,821</b>	<b>(22,152)</b>	<b>844,205</b>
Provision for credit losses	52,000	41,170		93,170
<b>Net interest income after provision for credit losses</b>	<b>558,536</b>	<b>214,651</b>	<b>(22,152)</b>	<b>751,035</b>
<b>Other income</b>				
Mortgage banking income	51,193	11,142		62,335
Service charges on deposit accounts	80,336	61,247		141,583
Trust income	31,123	43,120		74,243
Brokerage services income	22,997	5,592		28,589
Trading account and foreign exchange gains (losses)(1)	1,429	(13,592)		(12,163)
Gain (loss) on sales of bank investment securities	1	(5,060)		(5,059)
Other revenues from operations	58,328	83,508	(25,348)(a)	116,488
<b>Total other income</b>	<b>245,407</b>	<b>185,957</b>	<b>(25,348)</b>	<b>406,016</b>
<b>Other expense</b>				
Salaries and employee benefits	229,053	177,820	(16,567)(a)	390,306
Equipment and net occupancy	52,931	46,100	(510)(a)	98,521
Printing, postage and supplies	11,904	10,004	(431)(a)	21,477
Amortization of amortizing intangible assets	26,685	3,304	(17)(a)	
			26,808 (f)	56,780
Other costs of operations	125,876	79,633	(3,091)(a)	202,418
<b>Total other expense</b>	<b>446,449</b>	<b>316,861</b>	<b>6,192</b>	<b>769,502</b>
<b>Income before income taxes</b>	<b>357,494</b>	<b>83,747</b>	<b>(53,692)</b>	<b>387,549</b>
Income tax expense	115,436	21,933	(1,988)(a)	

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			(19,095)	116,286
Net income	242,058	61,814	(32,609)	271,263
Dividends on preferred stock		203	(203)(e)	
Net income (loss) to common shareholders	\$ 242,058	61,611	(32,406)	\$ 271,263
Net income per common share				
Basic	\$2.60			\$ 2.27
Diluted	2.51			2.20

- (1) On February 6, 2002, Allfirst announced that AIB was undertaking a full investigation into fraudulent foreign exchange trading activities at Allfirst. The losses arising from the fraudulent activities were disclosed by Allfirst in an earnings release dated February 20, 2002. Allfirst's financial statements and notes thereto for the first six months of 2001 and for the fiscal years presented above have been restated to reflect the effects of the fraudulent proprietary foreign exchange trading activities. The fraudulent trading activities and the resulting losses are referred to from time to time in reports on Forms 10-K and 10-Q filed by Allfirst with the Securities and Exchange Commission as the Fraudulent Activities and the Fraud Losses, respectively, and proprietary foreign exchange trading losses are referred to as FX Losses. Foreign Exchange Trading Losses include both authentic and fraudulent trading activity. For additional information on the Fraudulent Activities and the Fraud Losses, please refer to Allfirst's 2001 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 2002.

See accompanying Notes to Pro Forma Condensed Combined Financial Information

**Table of Contents****M&T BANK CORPORATION****PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME****(Dollars In Thousands, Except Per Share Data)  
(Unaudited)****For The Twelve Months Ended December 31, 2001**

	<u>M&amp;T</u>	<u>Allfirst</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
<b>Interest income</b>				
Loans and leases, including fees	\$ 1,892,507	740,100		\$ 2,632,607
Money-market assets	2,491	2,545	(18)(a)	5,018
<b>Investment securities</b>				
Fully taxable	182,767	220,780		403,547
Exempt from federal taxes	24,120	24,162		48,282
<b>Total interest income</b>	<b>2,101,885</b>	<b>987,587</b>	<b>(18)</b>	<b>3,089,454</b>
<b>Interest expense</b>				
Deposits	608,206	334,062		942,268
Short-term borrowings	124,810	73,343		198,153
Long-term borrowings	210,581	60,097	(17)(a) 44,305 (d)	314,966
<b>Total interest expense</b>	<b>943,597</b>	<b>467,502</b>	<b>44,288</b>	<b>1,455,387</b>
<b>Net interest income</b>	<b>1,158,288</b>	<b>520,085</b>	<b>(44,306)</b>	<b>1,634,067</b>
Provision for credit losses	103,500	28,575		132,075
<b>Net interest income after provision for credit losses</b>	<b>1,054,788</b>	<b>491,510</b>	<b>(44,306)</b>	<b>1,501,992</b>
<b>Other income</b>				
Mortgage banking income	102,699	22,027		124,726
Service charges on deposit accounts	144,302	114,381		258,683
Trust income	64,395	87,480		151,875
Brokerage services income	39,349	11,082		50,431
Trading account and foreign exchange gains (losses)(1)	4,462	(351,353)		(346,891)
Gain on sales of bank investment securities	1,873	103		1,976
Other revenues from operations	120,346	142,954	(26,366)(a)	236,934
<b>Total other income</b>	<b>477,426</b>	<b>26,674</b>	<b>(26,366)</b>	<b>477,734</b>
<b>Other expense</b>				
Salaries and employee benefits	434,937	324,630	(16,113)(a)	743,454
Equipment and net occupancy	111,403	85,170	(937)(a)	195,636
Printing, postage and supplies	25,512	20,154	(506)(a)	45,160
Amortization of goodwill and core deposit intangible	121,636	48,526	(2,871)(a) 62,553 (f)	229,844
Other costs of operations	254,830	110,801	(4,081)(a)	361,550
<b>Total other expense</b>	<b>948,318</b>	<b>589,281</b>	<b>38,045</b>	<b>1,575,644</b>
<b>Income (loss) before income taxes</b>	<b>583,896</b>	<b>(71,097)</b>	<b>(108,717)</b>	<b>404,082</b>
Income tax expense (benefit)	205,821	(34,730)	(946)(a)	

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			(41,676)	128,469
Net income (loss)	<u>378,075</u>	<u>(36,367)</u>	<u>(66,095)</u>	<u>275,613</u>
Dividends on preferred stock		414	(414)(e)	
Net income (loss) to common shareholders	<u>\$ 378,075</u>	<u>(36,781)</u>	<u>(65,681)</u>	<u>\$ 275,613</u>
Net income per common share				