UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1999

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-9861

M&T BANK CORPORATION
(Exact name of registrant as specified in its charter)

New York	16-0968385
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One M & T Plaza Buffalo, New York	14203
(Address of principal executive offices)	(Zip Code)

(716) 842-5445
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Number of shares of the registrant's Common Stock, $5 par value, outstanding as of the close of business on May 5, 1999: 7,742,931 shares.

M&T BANK CORPORATION

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1999

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Unaudited)

DOLLARS IN THOUSANDS, EXCEPT PER SHARE		March 31, 1999	December 31, 1998
Assets	Cash and due from banks	$ 403,333	493,792
	Money-market assets		
	Interest-bearing deposits at banks	635	674
	Federal funds sold and agreements to resell securities	402,926	229,066
	Trading account	472,986	173,122
	Total money-market assets	876,547	402,862
	Investment securities		
	Available for sale (cost: $1,889,153 at March 31, 1999; $2,578,940 at December 31, 1998)	1,890,160	2,583,740
	Held to maturity (market value: $84,714 at March 31, 1999; $87,365 at December 31, 1998)	84,813	87,282
	Other (market value: $113,292 at March 31, 1999; $114,542 at December 31, 1998)	113,292	114,542
	Total investment securities	2,088,265	2,785,564
	Loans and leases	16,015,526	16,005,701
	Unearned discount	(202,642)	(214,171)
	Allowance for possible credit losses	(306,739)	(306,347)
	Loans and leases, net	15,506,145	15,485,183
	Premises and equipment	159,222	162,842
	Goodwill and core deposit intangible	534,482	546,036
	Accrued interest and other assets	716,851	707,612
	Total assets	$ 20,284,845	20,583,891
Liabilities	Noninterest-bearing	$ 1,866,413	2,066,814
	NOW accounts	485,102	509,307
	Savings deposits	4,819,862	4,830,678
	Time deposits	7,045,848	7,027,083
	Deposits at foreign office	258,720	303,270
	Total deposits	14,475,945	14,737,152
	Federal funds purchased and agreements to repurchase securities	1,345,971	1,746,078
	Other short-term borrowings	373,546	483,898
	Accrued interest and other liabilities	705,433	446,854
	Long-term borrowings	1,716,704	1,567,543
	Total liabilities	18,617,599	18,981,525
Stockholders' equity	Preferred stock, $1 par, 1,000,000 shares authorized, none outstanding	--	--
	Common stock, $5 par, 15,000,000 shares authorized, 8,101,539 shares issued	40,508	40,508
	Common stock issuable, 8,638 shares at March 31, 1999; 8,028 shares at December 31, 1998	4,050	3,752
	Additional paid-in capital	470,250	480,014
	Retained earnings	1,330,244	1,271,071
	Accumulated other comprehensive income, net	620	2,869
	Treasury stock - common, at cost - 367,751 shares at March 31, 1999; 403,769 shares at December 31, 1998	(178,426)	(195,848)
	Total stockholders' equity	1,667,246	1,602,366
	Total liabilities and stockholders' equity	$ 20,284,845	20,583,891

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

IN THOUSANDS, EXCEPT PER SHARE		Three months ended March 31 1999	1998
Interest income	Loans and leases, including fees	$ 314,973	250,697
	Money-market assets		
	Deposits at banks	7	6
	Federal funds sold and agreements to resell securities	3,823	1,722
	Trading account	1,245	138
	Investment securities		
	Fully taxable	34,374	23,630
	Exempt from federal taxes	2,123	1,572
	Total interest income	356,545	277,765
Interest expense	NOW accounts	1,280	955
	Savings deposits	28,810	22,607
	Time deposits	90,892	80,634
	Deposits at foreign office	3,429	3,239
	Short-term borrowings	25,735	18,597
	Long-term borrowings	25,092	8,553
	Total interest expense	175,238	134,585
	NET INTEREST INCOME	181,307	143,180
	Provision for possible credit losses	8,500	12,000
	Net interest income after provision for possible credit losses	172,807	131,180
Other income	Mortgage banking revenues	21,474	13,870
	Service charges on deposit accounts	15,868	11,234
	Trust income	10,326	9,485
	Merchant discount and other credit card fees	1,700	4,238
	Trading account and foreign exchange gains	1,169	1,779
	Gain on sales of bank investment securities	220	-
	Other revenues from operations	21,959	28,287
	Total other income	72,716	68,893
Other expense	Salaries and employee benefits	68,437	58,333
	Equipment and net occupancy	18,024	13,479
	Printing, postage and supplies	4,110	3,570
	Amortization of goodwill and core deposit intangible	10,852	1,825
	Other costs of operations	38,043	56,666
	Total other expense	139,466	133,873
	Income before income taxes	106,057	66,200
	Income taxes	39,151	17,245
	NET INCOME	$ 66,906	48,955
	Net income per common share		
	Basic	$8.65	$7.34
	Diluted	8.34	7.01
	Cash dividends per common share	1.00	.80
	Average common shares outstanding		
	Basic	7,731	6,666
	Diluted	8,023	6,981

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

IN THOUSANDS		Three months ended March 31 1999	1998
Cash flows from operating activities	Net income	$ 66,906	48,955
	Adjustments to reconcile net income to net cash provided by operating activities		
	Provision for possible credit losses	8,500	12,000
	Depreciation and amortization of premises and equipment	7,028	5,369
	Amortization of capitalized servicing rights	4,923	4,264
	Amortization of goodwill and core deposit intangible	10,852	1,825
	Provision for deferred income taxes	(721)	(4,050)
	Asset write-downs	519	173
	Net gain on sales of assets	(123)	63
	Net change in accrued interest receivable, payable	(4,079)	11,079
	Net change in other accrued income and expense	(75,041)	(36,604)
	Net change in loans held for sale	121,134	(120,046)
	Net change in trading account assets and liabilities	40,175	(5,815)
	Net cash provided (used) by operating activities	180,073	(82,787)
Cash flows from investing activities	Proceeds from sales of investment securities		
	Available for sale	24,789	
	Other	1,250	
	Proceeds from maturities of investment securities		
	Available for sale	725,457	168,317
	Held to maturity	7,360	10,070
	Purchases of investment securities		
	Available for sale	(62,819)	(44)
	Held to maturity	(4,990)	(4,572)
	Net (increase) decrease in interest-bearing deposits at banks	39	(295)
	Additions to capitalized servicing rights	(4,707)	(3,038)
	Net increase in loans and leases	(151,217)	(423,205)
	Capital expenditures, net	(3,383)	(3,225)
	Other, net	(2,829)	6,782
	Net cash provided (used) by operating activities	528,950	(249,210)
Cash flows from financing activities	Net decrease in deposits	(260,947)	(78,543)
	Net increase (decrease) in short-term borrowings	(510,397)	674,446
	Proceeds from long-term borrowings	153,152	
	Payments on long-term borrowings	(3,737)	(423)
	Purchases of treasury stock	(115)	(16,585)
	Dividends paid - common	(7,725)	(5,332)
	Other, net	4,147	11,318
	Net cash provided (used) by financing activities	(625,622)	584,881
	Net increase in cash and cash equivalents	$ 83,401	252,884
	Cash and cash equivalents at beginning of period	722,858	386,892
	Cash and cash equivalents at end of period	$ 806,259	639,776
Supplemental disclosure of cash flow information	Interest received during the period	$ 354,885	278,879
	Interest paid during the period	177,236	126,508
	Income taxes paid during the period	101,663	56,566
Supplemental schedule of noncash investing and financing activities	Real estate acquired in settlement of loans	$ 2,647	1,303

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

DOLLARS IN THOUSANDS, EXCEPT PER SHARE	Preferred stock	Common stock	Common stock issuable	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income, net	Treasury stock	Total
1998								
Balance - January 1, 1998	$ -	40,487	-	103,233	1,092,106	12,016	(217,576)	$1,030,266
Comprehensive income:								
Net income	-	-	-	-	48,955	-	-	48,955
Other comprehensive income, net of tax:								
Unrealized losses on investment securities, net of reclassification adjustment	-	-	-	-	-	(7,189)	-	(7,189)
								41,766
Purchases of treasury stock	-	-	-	-	-	-	(16,585)	(16,585)
Stock-based compensation plans:								
Exercise of stock options	-	-	-	4,033	-	-	10,756	14,789
Directors' stock plan	-	-	-	47	-	-	22	69
Deferred bonus plan, net, including dividend equivalents	-	-	3,876	5	(7)	-	2	3,876
Common stock cash dividends - $.80 per share	-	-	-	-	(5,332)	-	-	(5,332)
Balance - March 31,1998	$ -	40,487	3,876	107,318	1,135,722	4,827	(223,381)	$1,068,849
1999								
Balance - January 1, 1999	$ -	40,508	3,752	480,014	1,271,071	2,869	(195,848)	$1,602,366
Comprehensive income:								
Net income	-	-	-	-	66,906	-	-	66,906
Other comprehensive income, net of tax:								
Unrealized losses on investment securities, net of reclassification adjustment	-	-	-	-	-	(2,249)	-	(2,249)
								64,657
Purchases of treasury stock	-	-	-	-	-	-	(115)	(115)
Stock-based compensation plans:								
Exercise of stock options	-	-	-	(9,757)	-	-	17,212	7,455
Directors' stock plan	-	-	-	4	-	-	61	65
Deferred bonus plan, net, including dividend equivalents	-	-	298	(11)	(8)	-	264	543
Common stock cash dividends - $1.00 per share	-	-	-	-	(7,725)	-	-	(7,725)
Balance - March 31,1999	$ -	40,508	4,050	470,250	1,330,244	620	(178,426)	$1,667,246

CONSOLIDATED SUMMARY OF CHANGES IN ALLOWANCE FOR POSSIBLE CREDIT LOSSES (Unaudited)

DOLLARS IN THOUSANDS	Three months ended March 31 1999	1998
Beginning balance	$306,347	274,656
Provision for possible credit losses	8,500	12,000
Net charge-offs		
Charge-offs	(12,956)	(12,286)
Recoveries	4,848	4,357
Total net charge-offs	(8,108)	(7,929)
Ending balance	$306,739	278,727

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of M&T Bank Corporation ("M&T") and subsidiaries ("the Company") were compiled in accordance with the accounting policies set forth in note 1 of Notes to Financial Statements included in the Company's 1998 Annual Report, except as described below. In the opinion of management, all adjustments necessary for a fair presentation have been made and were all of a normal recurring nature. Certain reclassifications have been made to the 1998 financial statements to conform with the current year presentation.

2. EARNINGS PER SHARE

The computations of basic earnings per share follow:

	Three months ended March 31 1999	1998
	(in thousands, except per share)	
Income available to common stockholders:		
Net income	$66,906	48,955
Weighted-average shares outstanding (including common stock issuable)	7,731	6,666
Basic earnings per share	$ 8.65	7.34

The computations of diluted earnings per share follow:

	Three months ended March 31 1999	1998
	(in thousands, except per share)	
Income available to common stockholders	$66,906	48,955
Weighted-average shares outstanding (including common stock issuable)	7,731	6,666
Plus: incremental shares from assumed conversions of stock options	292	315
Adjusted weighted-average shares outstanding	8,023	6,981
Diluted earnings per share	$ 8.34	7.01

3. COMPREHENSIVE INCOME

The following table displays the components of other comprehensive income:

	Three months ended March 31, 1999		
	Before-tax amount	Income taxes	Net
Unrealized losses on investment securities:			
Unrealized holding losses during period	$(3,573)	(1,454)	(2,119)
Less: reclassification adjustment for gains realized in net income	220	90	130
Net unrealized losses	$(3,793)	(1,544)	(2,249)

	Three months ended March 31, 1998		
	Before-tax amount	Income taxes	Net
Unrealized losses on investment securities:			
Unrealized holding losses during period(a)	$(12,063)	(4,874)	(7,189)
Less: reclassification adjustment for gains realized in net income	--	--	--
Net unrealized losses	$(12,063)	(4,874)	(7,189)

(a) Including the effect of the contribution of appreciated investment securities described in note 4.

4. CONTRIBUTION OF APPRECIATED INVESTMENT SECURITIES

In January 1998, M&T contributed appreciated investment securities with a fair value of $24.6 million to an affiliated, tax-exempt private charitable foundation. As a result of this transfer, the Company recognized tax-exempt other income of $15.3 million and incurred charitable contributions expense of $24.6 million. These amounts are included in the consolidated statement of income in "Other revenues from operations" and "Other costs of operations," respectively. The transfer provided an income tax benefit of approximately $10.0 million and, accordingly, resulted in an after-tax increase in net income of $0.7 million.

5. ACQUISITIONS

On April 1, 1998, M&T consummated the merger ("Merger") of ONBANCorp, Inc. ("ONBANCorp") with and into Olympia Financial Corp.("Olympia"), a wholly owned subsidiary of M&T. Following the Merger, OnBank & Trust Co., Syracuse, New York, and Franklin First Savings Bank, Wilkes-Barre, Pennsylvania, both wholly owned subsidiaries of ONBANCorp, were merged with and into Manufacturers and Traders Trust Company ("M&T Bank"), M&T's principal banking subsidiary.

After application of the election, allocation and proration procedures contained in the merger agreement with ONBANCorp, M&T paid $266.3 million in cash and issued 1,429,998 shares of common stock in exchange for the ONBANCorp common shares outstanding at the time of acquisition. In addition, based on the merger agreement and the exchange ratio provided for therein, M&T converted outstanding and unexercised stock options granted by ONBANCorp into options to purchase 61,772 shares of M&T common stock. The purchase price of the transaction was approximately $873.6 million based on the cash paid to ONBANCorp stockholders, the market price of M&T common shares on October 28, 1997 before the terms of the Merger were agreed to and announced by M&T and ONBANCorp, and the estimated fair

5. ACQUISITIONS, CONTINUED

value of ONBANCorp stock options converted into M&T stock options.

Acquired assets, loans and deposits of ONBANCorp on April 1, 1998 totaled approximately $5.5 billion, $3.0 billion and $3.8 billion, respectively. The transaction was accounted for as a purchase and, accordingly, operations acquired from ONBANCorp have been included in the Company's financial results since the acquisition date. In connection with the acquisition, the Company recorded approximately $501 million of goodwill and $61 million of core deposit intangible. The goodwill is being amortized on a straight-line basis over twenty years and the core deposit intangible is being amortized on an accelerated basis over ten years. The Company incurred expenses related to systems conversions and other costs of integrating and conforming the acquired operations with and into the Company of approximately $21.3 million ($14.0 million net of applicable income taxes) during 1998, including approximately $1.6 million ($1.0 million net of applicable income taxes) during the three month period ended March 31, 1998.

On December 9, 1998, M&T entered into a definitive agreement with FNB Rochester Corp.("FNB"), a bank holding company headquartered in Rochester, New York, providing for a merger between the two companies. FNB had total assets of $590 million as of March 31, 1999. The merger, which will be accounted for as a purchase, has been approved by the boards of directors of each company, as well as the applicable regulators, and is subject to certain conditions, including approval of FNB's stockholders. If approved by FNB stockholders, it is anticipated that the merger will take place on or about June 1, 1999. Under the terms of the merger agreement, stockholders of FNB may elect to receive .06766 of a share of M&T common stock (and cash in lieu of any fractional share) or $33.00 in cash for each outstanding share of FNB common stock. Subject to certain adjustments set forth in the merger agreements, 50% of the 3,625,806 shares of FNB common stock outstanding on December 9, 1998 will be exchanged for shares of M&T common stock and the remaining shares will be converted for cash. The elections of FNB's stockholders will be subject to allocation and proration if either portion of the merger consideration is oversubscribed. At March 31, 1999, FNB had 3,819,522 shares of common stock issued and outstanding.

6. BORROWINGS

In January 1997, First Empire Capital Trust I ("Trust I"), a Delaware business trust organized by the Company on January 17, 1997, issued $150 million of 8.234% preferred capital securities. In June 1997, First Empire Capital Trust II ("Trust II"), a Delaware business trust organized by the Company on May 30, 1997, issued $100 million of 8.277% preferred capital securities. As a result of the ONBANCorp acquisition, the Company assumed responsibility for similar preferred capital securities previously issued by a special-purpose entity formed by ONBANCorp. In February 1997, OnBank Capital Trust I ("OnBank Trust I" and, together with Trust I and Trust II, the "Trusts"), a Delaware business trust organized by ONBANCorp on January 24, 1997, issued $60 million of 9.25% preferred capital securities. Including the unamortized portion of a purchase accounting adjustment to reflect estimated fair value at the April 1, 1998 acquisition of ONBANCorp, the preferred capital securities of OnBank Trust I had a financial statement carrying value of approximately $69 million at March 31, 1999 and December 31, 1998.

6. BORROWINGS, CONTINUED

Other than the following payment terms (and the redemption terms described below), the preferred capital securities issued by the Trusts ("Capital Securities") are similar in all material respects:

Trust	Distribution Rate	Distribution Dates
Trust I	8.234%	February 1 and August 1
Trust II	8.277%	June 1 and December 1
OnBank Trust I	9.25%	February 1 and August 1

The common securities of Trust I and Trust II are wholly owned by M&T and the common securities of OnBank Trust I are wholly owned by Olympia. The common securities of each trust ("Common Securities") are the only class of each Trust's securities possessing general voting powers. The Capital Securities represent preferred undivided interests in the assets of the corresponding Trust and are classified in the Company's consolidated balance sheet as long-term borrowings, with accumulated distributions on such securities included in interest expense. Under the Federal Reserve Board's current risk-based capital guidelines, the Capital Securities are includable in the Company's Tier 1 capital.

The proceeds from the issuances of the Capital Securities and Common Securities were used by the Trusts to purchase the following amounts of junior subordinated deferrable interest debentures ("Junior Subordinated Debentures") issued by M&T in the case of Trust I and Trust II and Olympia in the case of OnBank Trust I:

Trust	Capital Securities	Common Securities	Junior Subordinated Debentures
Trust I	$150 million	$4.64 million	$154.64 million aggregate liquidation amount of 8.234% Junior Subordinated Debentures due February 1, 2027.
Trust II	$100 million	$3.09 million	$103.09 million aggregate liquidation amount of 8.277% Junior Subordinated Debentures due June 1, 2027.
OnBank Trust I	$60 million	$1.856 million	$61.856 million aggregate liquidation amount of 9.25% Junior Subordinated Debentures due February 1, 2027.

The Junior Subordinated Debentures represent the sole assets of each Trust and payments under the Junior Subordinated Debentures are the sole source of cash flow for each Trust.

Holders of the Capital Securities receive preferential cumulative cash distributions semi-annually on each distribution date at the stated distribution rate unless M&T, in the case of Trust I and Trust II, or Olympia, in the case of OnBank Trust I, exercise the right to extend the payment of interest on the Junior Subordinated Debentures for up to ten semi-annual periods, in which case payment of distributions on the respective Capital Securities will be deferred for a comparable period. During an extended interest period, M&T and/or Olympia may not pay dividends or distributions on, or repurchase, redeem or acquire any shares of the respective company's capital stock. The agreements governing the Capital Securities, in the aggregate, provide a full, irrevocable and unconditional guarantee by M&T in the case of Trust I and Trust II and Olympia in the case of OnBank Trust I of the payment of distributions on, the redemption of, and any liquidation distribution with respect to the Capital Securities. The

6. BORROWINGS, CONTINUED

obligations under such guarantee and the Capital Securities are subordinate and junior in right of payment to all senior indebtedness of M&T and Olympia.

The Capital Securities are mandatorily redeemable in whole, but not in part, upon repayment at the stated maturity dates of the Junior Subordinated Debentures or the earlier redemption of the Junior Subordinated Debentures in whole upon the occurrence of one or more events ("Events") set forth in the indentures relating to the Capital Securities, and in whole or in part at any time after the stated optional redemption dates (February 1, 2007 in the case of Trust I and OnBank Trust I, and June 1, 2007 in the case of Trust II) contemporaneously with the Company's optional redemption of the related Junior Subordinated Debentures in whole or in part. The Junior Subordinated Debentures are redeemable prior to their stated maturity dates at M&T's option in the case of Trust I and Trust II and Olympia's option in the case of OnBank Trust I (i) on or after the stated optional redemption dates, in whole at any time or in part from time to time, or (ii) in whole, but not in part, at any time within 90 days following the occurrence and during the continuation of one or more of the Events, in each case subject to possible regulatory approval. The redemption price of the Capital Securities upon their early redemption will be expressed as a percentage of the liquidation amount plus accumulated but unpaid distributions. In the case of Trust I, such percentage adjusts annually and ranges from 104.117% at February 1, 2007 to 100.412% for the annual period ending January 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to February 1, 2007. In the case of Trust II, such percentage adjusts annually and ranges from 104.139% at June 1, 2007 to 100.414% for the annual period ending May 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to June 1, 2007. In the case of OnBank Trust I, such percentage adjusts annually and ranges from 104.625% at February 1, 2007 to 100.463% for the annual period ending January 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to February 1, 2007.

7. SEGMENT INFORMATION

In 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related Information." In accordance with the provision of SFAS No. 131, reportable segments have been determined based upon the Company's internal profitability reporting system, which is organized by strategic business units. Certain strategic business units have been combined for segment information reporting purposes where the nature of the products and services, the type of customer and the distribution of those products and services are similar. The reportable segments are Commercial Banking, Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking and Retail Banking.

The financial information of the Company's segments was compiled utilizing the accounting policies described in note 21 to the Company's consolidated financial statements as of and for the year ended December 31, 1998. The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to generally accepted accounting principles. As a result, the financial information of the reported segments is not necessarily comparable with similar information reported by other financial institutions. Information about the Company's segments is presented in the following table.

7. SEGMENT INFORMATION, CONTINUED

	Three months ended March 31, 1999			Average total assets	
	Total Revenues(a)	Inter-segment revenues	Net income (loss)	March 31, 1999	December 31, 1998
	(in thousands)			(in millions)	
Commercial Banking	$ 45,454	124	20,736	$ 4,118	3,653
Commercial Real Estate	28,641	268	14,394	3,862	3,527
Discretionary Portfolio	16,703	--	8,844	6,823	6,025
Residential Mortgage Banking	37,568	9,569	6,980	659	581
Retail Banking	105,412	1,941	24,544	4,023	3,781
All Other	20,245	(11,902)	(8,592)	813	742
Total	$254,023	--	66,906	$20,298	18,309

	Three months ended March 31, 1998			Average total assets	
	Total Revenues(a)	Inter-segment revenues	Net income (loss)	March 31, 1998	December 31, 1997
	(in thousands)			(in millions)	
Commercial Banking	$ 31,130	122	13,344	$ 2,735	2,777
Commercial Real Estate	29,932	286	15,801	3,608	3,151
Discretionary Portfolio	11,542	--	5,369	4,016	3,883
Residential Mortgage Banking	28,001	8,614	4,146	450	360
Retail Banking	84,820	1,599	19,180	3,014	3,066
All Other	26,648	(10,621)	(8,885)	232	72
Total	$212,073	--	48,955	$14,055	13,309

(a) Total revenues are comprised of net interest income and other income. Net interest income is the difference between taxable-equivalent interest earned on assets and interest paid on liabilities owned by a segment and a funding charge (credit) based on the Company's internal funds transfer pricing methodology. Segments are charged a cost to fund any assets (e.g., loans) and are paid a funding credit for any funds provided (e.g., deposits). The taxable-equivalent adjustment aggregated $1,825,000 and $1,541,000 for the three-month periods ended March 31, 1999 and 1998, respectively, and is eliminated in "All Other" total revenues. Total revenues in "All Other" for the three months ended March 31, 1998 include the impact of the contribution of appreciated investment securities described in note 4. Intersegment revenues are included in total revenues of the reportable segments. The elimination of intersegment revenues is included in the determination of "All Other" total revenues.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

M&T Bank Corporation ("M&T") earned $66.9 million or $8.34 of diluted earnings per common share in the first quarter of 1999, increases of 37% and 19%, respectively, from the first quarter of 1998 when net income was $49.0 million or $7.01 of diluted earnings per common share. Net income was $57.8 million or $7.14 of diluted earnings per common share in the fourth quarter of 1998. Basic earnings per common share rose 18% to $8.65 in the recent quarter from $7.34 in the first quarter of 1998 and 16% from $7.44 earned in 1998's fourth quarter. The annualized rate of return on average total assets for M&T and its consolidated subsidiaries ("the Company") in the first quarter of 1999 was 1.34%, compared with 1.41% in the year-earlier quarter and 1.14% in 1998's last quarter. The annualized return on average common stockholders' equity was 16.56% in the initial 1999 quarter, compared with 18.86% and 14.20% in the first and fourth quarters of 1998, respectively.

On April 1, 1998, M&T acquired ONBANCorp, Inc. ("ONBANCorp"), a bank holding company headquartered in Syracuse, New York. The acquisition was accounted for using the purchase method of accounting and, accordingly, the operations acquired from ONBANCorp have been included in the Company's financial results since the acquisition date. ONBANCorp's stockholders received $266.3 million in cash and 1,429,998 shares of M&T common stock in exchange for ONBANCorp shares outstanding at the time of acquisition. In connection with the acquisition, the Company acquired approximately $5.5 billion of assets, including approximately $3 billion of loans, $1.6 billion of investment securities and $563 million of goodwill and core deposit intangible. Liabilities assumed in the acquisition totaled approximately $4.6 billion, including approximately $3.8 billion of deposits.

As previously announced, on December 9, 1998, M&T entered into a definitive agreement with FNB Rochester Corp.("FNB"), a bank holding company headquartered in Rochester, New York, providing for a merger between the two companies. FNB had total assets of $590 million as of March 31, 1999 and is the parent company of First National Bank of Rochester, which has 18 offices in western and central New York State. Under the terms of the merger agreement, stockholders of FNB may elect to receive .06766 of a share of M&T common stock (and cash in lieu of any fractional share) or $33.00 in cash for each outstanding share of FNB common stock. Subject to certain adjustments set forth in the merger agreements, 50% of the 3,625,806 shares of FNB common stock outstanding on December 9, 1998 will be exchanged for shares of M&T common stock and the remaining shares will be converted for cash. The elections of FNB's stockholders will be subject to allocation and proration if either portion of the merger consideration is oversubscribed. The merger, which will be accounted for as a purchase, has received the approval of the boards of directors of each company as well as the applicable regulatory authorities, and is subject to certain conditions, including approval of FNB's stockholders. Subject to approval by FNB's stockholders, it is anticipated that the merger will take place on or about June 1, 1999.

CASH OPERATING RESULTS

As a result of the acquisition of ONBANCorp on April 1, 1998 and, to a significantly lesser extent, acquisitions of other entities in prior years, M&T had recorded as assets at March 31, 1999 goodwill and core deposit intangible totaling $534 million. Since the amortization of goodwill and core deposit intangible does not result in a cash expense, M&T believes that reporting its operating results on a "cash" (or "tangible") basis (which excludes the after-tax effect of amortization of goodwill and core deposit intangible and the related asset balances) represents a relevant measure of financial performance. The supplemental cash basis data presented herein do not exclude the effect of other non-cash operating expenses such as depreciation, provision for possible credit losses, or deferred income taxes associated with the results of operations. Unless noted otherwise, cash basis data for the first quarter of 1998 does, however, exclude the after-tax impact of $1.0 million ($1.6 million pre-tax), or $.14 per share, of nonrecurring merger-related expenses associated with the acquisition of ONBANCorp.

Cash net income rose 48% to $76.3 million in the recent quarter from $51.4 million in the first quarter of 1998. Diluted cash earnings per share for the first quarter of 1999 were $9.51, up 29% from $7.37 in the year-earlier quarter. Cash net income and diluted cash earnings per share were $67.3 million and $8.31, respectively, in the fourth quarter of 1998.

Cash return on average tangible assets was an annualized 1.57% in the recent quarter, compared with 1.49% in the first quarter of 1998 and 1.36% in the fourth quarter of 1998. Cash return on average tangible common equity rose to an annualized 27.66% in the first quarter of 1999, compared with 20.13% in the year-earlier quarter and 24.57% in the last 1998 quarter. Including the effect of merger-related expenses, the annualized cash return on average tangible assets for the three month period ended March 31, 1998 was 1.46% and the annualized cash return on average tangible common stockholders' equity was 19.76%.

TAXABLE-EQUIVALENT NET INTEREST INCOME

Net interest income expressed on a taxable-equivalent basis was $183.1 million in the first quarter of 1999, up $38.4 million or 27% from $144.7 million in the year-earlier quarter and $6.0 million or 3% from $177.1 million earned in the fourth quarter of 1998. Growth in average loans and leases was the most significant factor contributing to the improvement in net interest income from the initial quarter of 1998. Average loans and leases increased $4.2 billion, or 36%, to $15.8 billion in the first quarter of 1999 from $11.6 billion in the year-earlier quarter. The leading factor for the higher loan balances compared with 1998 was the $3.0 billion of loans obtained on April 1, 1998 from the ONBANCorp acquisition, including approximately $450 million of commercial loans, $380 million of commercial real estate loans, $1.2 billion of residential mortgage loans and $930 million of consumer loans. Partially offsetting the ONBANCorp-related increases in average loans and leases was the impact of the July 1998 sale of M&T's retail credit card business. Average credit card balances for the first quarter of 1998 totaled $246 million. Average loans and leases in the recent quarter were $372 million, or 2%, higher than the fourth quarter of 1998. The accompanying table summarizes quarterly changes in the major components of the loan and lease portfolio.

AVERAGE LOANS AND LEASES
(net of unearned discount)
Dollars in millions

	1st Qtr. 1999	Percent increase (decrease) from 1st Qtr. 1998	4th Qtr. 1998
Commercial, financial, etc.	$ 3,179	33%	5%
Real estate - commercial	5,533	23	5
Real estate - consumer	4,158	66	-
Consumer			
Automobile	1,458	59	(1)
Home equity	739	13	(1)
Credit cards	11	(96)	(1)
Other	683	79	1
Total consumer	2,891	32	-
Total	$15,761	36%	2%

Investment securities averaged $2.5 billion in the recent quarter, up from $1.6 billion in the first quarter of 1998. Holdings of investment securities averaged $2.6 billion in the fourth quarter of 1998. The investment securities portfolio is largely comprised of mortgage-backed securities, collateralized mortgage obligations, and shorter-term U.S. Treasury notes. When purchasing investment securities, the Company considers its overall risk profile as well as the adequacy of expected returns relative to prepayment and other risks assumed. The Company occasionally sells investment securities as a result of changes in interest rates and spreads, actual or anticipated prepayments, or credit risk associated with a particular security.

Money-market assets averaged $406 million in 1999's first quarter, compared with $141 million in the year-earlier quarter and $395 million in the fourth quarter of 1998. In general, the size of the investment securities and money-market assets portfolios are influenced by such factors as demand for loans, which generally yield more than investment securities and money-market assets, ongoing repayments, the levels of deposits, and management of balance sheet size and resulting capital ratios.

As a result of the changes described above, average earning assets totaled $18.7 billion in the first quarter of 1999, an increase of $5.3 billion, or 40%, from $13.4 billion in the comparable 1998 quarter. Average earning assets in the recent quarter were up 1% from $18.4 billion in the fourth quarter of 1998.

Core deposits represent the most significant source of funding to the Company and generally carry lower interest rates than wholesale funds of comparable maturities. Core deposits consist of noninterest-bearing deposits, interest-bearing transaction accounts, savings deposits and nonbrokered domestic time deposits under $100,000. The Company's branch network is the principal source of core deposits. Core deposits also include certificates of deposit under $100,000 generated on a nationwide basis by M&T Bank, National Association ("M&T Bank, N.A."), a wholly owned bank subsidiary of M&T. Core deposits obtained on April 1, 1998 in conjunction with the acquisition of ONBANCorp totaled approximately $2.8 billion. Average core deposits increased to $11.4 billion in the first quarter of 1999, from $8.4 billion in the year-earlier quarter. Core deposits averaged $11.5 billion in the final quarter of 1998. The accompanying table provides an analysis of quarterly changes in the components of average core deposits.

AVERAGE CORE DEPOSITS
Dollars in millions

		Percent increase (decrease) from	
	1st Qtr. 1999	1st Qtr. 1998	4th Qtr. 1998
NOW accounts	$ 399	48%	2%
Savings deposits	4,881	42	1
Time deposits less than $100,000	4,295	26	(4)
Noninterest-bearing deposits	1,865	47	1
Total	$11,440	36%	(1)%

In addition to core deposits, the Company obtains funding through domestic time deposits of $100,000 or more, deposits originated through the Company's offshore branch office, and brokered certificates of deposit. Brokered deposits are used as an alternative to short-term borrowings to lengthen the average maturity of interest-bearing liabilities. Brokered deposits averaged $1.3 billion during the recent quarter, equal to both the comparable 1998 period and the fourth quarter of 1998. At March 31, 1999, brokered deposits totaled $1.3 billion and had a weighted average remaining term to maturity of 1.7 years. Certain of the deposits have provisions that allow early redemption. In connection with the Company's management of interest rate risk, interest rate swaps have been entered into under which the Company receives a fixed rate of interest and pays a variable rate and that have notional amounts and terms substantially similar to the amounts and terms of the brokered deposits. Additional amounts of brokered deposits may be solicited in the future depending on market conditions and the cost of funds available from alternative sources at the time.

The Company also uses borrowings from banks, securities dealers, the Federal Home Loan Banks ("FHLB") and others as sources of funding. Short-term borrowings averaged $2.1 billion in the recent quarter and in the fourth quarter of 1998, compared with $1.4 billion in the first quarter of 1998. Long-term borrowings averaged $1.6 billion and $428 million in the first quarter of 1999 and 1998, respectively, and $1.3 billion in the fourth quarter of 1998. Included in average long-term borrowings during the recent quarter were $1.1 billion of FHLB borrowings, compared with $2 million in the year-earlier quarter and $832 million in the fourth quarter of 1998. Long-term borrowings also included $319 million of trust preferred securities and $175 million of subordinated capital notes. Further information regarding the trust preferred securities is provided in note 6 of Notes to Financial Statements.

Net interest income is impacted by changes in the composition of the Company's earning assets and interest-bearing liabilities, as well as changes in interest rates and spreads. The yield on earning assets decreased 69 basis points (hundredths of one percent) to 7.79% in the first quarter of 1999 from 8.48% in the year-earlier quarter. Lower yielding assets acquired in the ONBANCorp transaction, the impact of the sale of the Company's retail credit card business in July 1998 and competitive pressure on interest rates charged for newly originated loans, particularly commercial loans and commercial real estate loans, contributed to the decline in yield from the first quarter of 1998. The rate paid on interest-bearing liabilities in the recent quarter was 4.33%, compared with 4.75% in the corresponding 1998 quarter. Lower rates on deposit products largely contributed to the decline. As a result of the changes noted above, net interest spread, or the difference between the taxable-equivalent yield on earning assets and the rate paid on interest-bearing liabilities, was 3.46% in the first quarter of 1999, compared with 3.73% in the corresponding 1998 quarter. The net interest spread was 3.27% in the fourth quarter of 1998 when the yield on earning assets was 7.77% and the rate paid on interest-bearing liabilities was 4.50%. The improvement in the net interest spread from the fourth quarter of 1998 was due in part to lower interest rates on deposit products following actions by the Federal Reserve late in 1998 and a general steepening of the yield curve, which favorably contributed to the interest rate spread earned from lending activities.

Net interest-free funds, consisting largely of noninterest-bearing demand deposits and stockholders' equity, contributed .52% to net interest margin, or taxable equivalent net interest income expressed as an annualized percentage of average earning assets, in the first quarter of 1999, compared with .66% in the corresponding 1998 quarter and .55% in the fourth quarter of 1998. Average interest-free funds totaled $2.2 billion in the first quarter of 1999, up from $1.9 billion a year earlier but equal to the final 1998 quarter. The decline in the contribution to net interest margin of net interest-free funds from the first quarter of 1998 was due to a lower proportion of net interest-free funds as a result of the goodwill and core deposit intangible assets recorded in conjunction with the ONBANCorp acquisition, which averaged $531 million during the recent quarter, and the cash surrender value of bank-owned life insurance, which averaged $372 million and $204 million in the first quarter of 1999 and 1998, respectively. Increases in the cash surrender value of bank-owned life insurance are not included in interest income, but rather are recorded in "other revenue from operations." The increases in these two noninterest-earning assets mitigated much of the benefit derived from increases in noninterest-bearing deposits and stockholders' equity resulting from the ONBANCorp transaction. Declines in the average rate paid on interest-bearing liabilities used to impute the value of interest-free funds were also a factor for the lower contribution of such funds to net interest margin.

Due largely to the changes described above, the Company's net interest margin was 3.98% in 1999's initial quarter, down from 4.39% in the comparable quarter of 1998 but improved from 3.82% in the fourth quarter of 1998.

The Company, as part of the management of interest rate risk, utilizes interest rate swap agreements to modify the repricing characteristics of certain portions of its portfolios of earning assets and interest-bearing liabilities. Revenue and expense arising from these agreements are reflected in either the yields earned on assets or, as appropriate, rates paid on interest-bearing liabilities. The notional amount of interest rate swap agreements used as part of the Company's management of interest rate risk in effect at March 31, 1999 and 1998 was $2.3 billion and $2.5 billion, respectively. In general, under the terms of these swaps, the Company receives payments based on the outstanding notional amount of the swaps at fixed rates of interest and makes payments at variable rates. However, under the terms of $82 million of swaps, the Company pays a fixed rate of interest and receives a variable rate. At March 31, 1999, the weighted average rates to be received and paid under interest rate swap agreements currently in effect were 6.23% and 5.17%, respectively. As of March 31, 1999, the Company had also entered into forward-starting swaps with an aggregate notional amount of $391 million in which the Company will pay a fixed rate of interest and receive a variable rate. Such forward-starting swaps had no effect on the Company's net interest income through March 31, 1999. The average notional amounts of interest rate swaps and the related effect on net interest income and margin are presented in the accompanying table.

INTEREST RATE SWAPS
Dollars in thousands

	Three months ended March 31			
	1999		1998	
	Amount	Rate *	Amount	Rate *
Increase (decrease) in:				
Interest income	$ 3,993	.09%	282	.01%
Interest expense	(4,346)	(.11)	(3,205)	(.11)
Net interest income/margin	$ 8,339	.18%	$ 3,487	.11%
Average notional amount **	$2,338,562		$2,596,119	

* COMPUTED AS AN ANNUALIZED PERCENTAGE OF AVERAGE EARNING ASSETS OR INTEREST-BEARING LIABILITIES.
** EXCLUDES FORWARD-STARTING INTEREST RATE SWAPS.

The Company estimates that as of March 31, 1999 it would have received approximately $24.6 million if all interest rate swap agreements entered into for interest rate risk management purposes had been terminated. This estimated fair value of the interest rate swap portfolio results from the effects of changing interest rates and should be considered in the context of the entire balance sheet and the Company's overall interest rate risk profile. Changes in the estimated fair value of interest rate swaps entered into for interest rate risk management purposes are not recorded in the consolidated financial statements.

As a financial intermediary, the Company is exposed to various risks, including liquidity and market risk. Liquidity risk arises whenever the maturities of financial instruments included in assets and liabilities differ. Accordingly, a critical element in managing a financial institution is ensuring that sufficient cash flow and liquid assets are available to satisfy demands for loans and deposit withdrawals, to fund operating expenses, and to be used for other corporate purposes. Deposits and borrowings, maturities of money-market assets and investment securities, repayments of loans and investment securities, and cash generated from operations, such as fees collected for services, provide the Company with sources of liquidity. M&T's banking subsidiaries have access to additional funding sources through membership in the FHLB, as well as other available borrowing facilities. M&T has historically utilized dividend payments from its banking subsidiaries, which are subject to various regulatory limitations, to pay operating expenses, stockholder dividends and treasury stock repurchases. In 1997, the proceeds from the issuance of $250 million of trust preferred securities provided funds to M&T. M&T also maintains a $25 million line of credit with an unaffiliated commercial bank, all of which was available for borrowing at March 31, 1999.

The Company expects to have access to sufficient liquid assets to fund the cash portion of the previously discussed acquisition of FNB and, accordingly, management does not anticipate engaging in any activities, either currently or in the long-term, which would cause a significant strain on liquidity at either M&T or its subsidiary banks. Furthermore, management closely monitors the Company's liquidity position for compliance with internal policies and believes that available sources of liquidity are adequate to meet anticipated funding needs.

Market risk is the risk of loss from adverse changes in market prices and/or interest rates of the Company's financial instruments. The primary market risk the Company is exposed to is interest rate risk. The core banking activities of lending and deposit-taking expose the Company to interest rate risk. Interest rate risk occurs when assets and liabilities reprice at different times as interest rates change. As a result, net interest income earned by the Company is subject to the effects of changing interest rates. The Company measures interest rate risk by calculating the variability of net interest income in future periods under various interest rate scenarios using projected balances for earning assets, interest-bearing liabilities and off-balance sheet financial instruments. Management's philosophy toward interest rate risk management is to attempt to limit the variability of net interest income. The balances of both on- and off-balance sheet financial instruments used in the projections are based on expected growth from forecasted business opportunities, anticipated prepayments of mortgage-related assets and expected maturities of investment securities, loans and deposits. Management supplements the modeling technique described above with analyses of market values of the Company's financial instruments.

The Asset-Liability Committee, which includes members of senior management, monitors the Company's interest rate sensitivity with the aid of a computer model that considers the impact of ongoing lending and deposit gathering activities, as well as statistically derived interrelationships in the magnitude and timing of the repricing of financial instruments, including the effect of changing interest rates on expected prepayments and maturities. When deemed prudent, management has taken actions, and intends to do so in the future, to mitigate exposure to interest rate risk through the use of on-or off-balance sheet financial instruments. Possible actions include, but are not limited to, changes in the pricing of loan and deposit products, modifying the composition of earning assets and interest-bearing liabilities, and entering into or modifying existing interest rate swap agreements.

The accompanying table as of March 31, 1999 and December 31, 1998 displays the estimated impact on net interest income from non-trading financial instruments resulting from changes in interest rates during the first modeling year.

SENSITIVITY OF NET INTEREST INCOME
TO CHANGES IN INTEREST RATES
(dollars in thousands)

	Calculated increase (decrease) in projected net interest income	
Changes in Interest Rates	March 31, 1999	December 31, 1998
+200 basis points	$ (5,720)	$ (7,668)
+100 basis points	(2 188)	335
- -100 basis points	4,943	5,161
- -200 basis points	5,575	4,498

The calculation of the impact of changes in interest rates on net interest income is based upon many assumptions, including prepayments of mortgage-related assets, cash flows from derivative and other financial instruments held for non-trading purposes, loan and deposit volumes and pricing, and deposit maturities. The Company also assumes gradual changes in interest rates of 100 and 200 basis points up and down during a twelve-month period. These assumptions are inherently uncertain and, as a result, the Company cannot precisely predict the impact of changes in interest rates on net interest income. Actual results may differ significantly due to timing, magnitude and frequency of interest rate changes and changes in market conditions, as well as any actions, such as those previously described, which management may take to counter these changes.

The Company engages in trading activities to meet the financial needs of customers and to profit from perceived market opportunities. Trading activities are conducted utilizing financial instruments that include forward and futures contracts related to foreign currency exchange and mortgage-backed securities, U.S. Treasury and other government securities, mortgage-backed securities and interest rate contracts, such as swaps. The Company generally mitigates the foreign currency and interest rate risk associated with trading activities by entering into offsetting trading positions. The amounts of gross and net trading positions as well as the type of trading activities conducted by the Company are subject to a well-defined series of potential loss exposure limits established by the Asset-Liability Committee.

The notional amounts of interest rate and foreign currency trading contracts totaled $1.7 billion and $1.6 billion, respectively, at March 31, 1999 and $2.4 billion and $1.8 billion, respectively, at March 31, 1998. The notional amounts of these trading contracts are not recorded in the consolidated balance sheet. However, the fair values of all financial instruments used for trading activities are recorded in the consolidated balance sheet. The fair value of all trading account assets and liabilities were $473 million and $391 million, respectively, at March 31, 1999 and $48 million and $43 million, respectively, at March 31, 1998. Trading account assets and liabilities were $173 million and $51 million, respectively, at December 31, 1998. Included in trading account assets at March 31, 1999 were $348 million of mortgage-backed securities that served as collateral securing certain money-market assets. The obligation to return such collateral was recorded in noninterest-bearing trading account liabilities, which are included in accrued interest and other liabilities in the Company's consolidated balance sheet. Given the Company's policies, limits and positions, management believes that the potential loss exposure to the Company resulting from trading activities was not material as of March 31, 1999 and 1998.

PROVISION FOR POSSIBLE CREDIT LOSSES

The purpose of the provision for possible credit losses is to replenish or build the Company's allowance for possible credit losses to a level that is adequate to absorb losses inherent in the loan and lease portfolio. The provision for possible credit losses in the first quarter of 1999 was $8.5 million, down from $12.0 million in the year-earlier quarter, but higher than the $7.5 million in 1998's fourth quarter. The decrease from the year earlier period was due, in part, to the July 1998 sale of the Company's retail credit card business. Net loan charge-offs totaled $8.1 million in the recent quarter, compared with $7.9 million and $10.7 million in the first and fourth quarters of 1998, respectively. Net charge-offs as an annualized percentage of average loans and leases were .21% in the recent quarter, compared with .28% in both the first and fourth quarters of 1998. Net charge-offs of consumer loans in the recent quarter were $5.3 million, compared with $7.8 million in the year-earlier period and $5.9 million in 1998's final quarter. Net consumer loan charge-offs as an annualized percentage of average consumer loans and leases were .75% in the first quarter of 1999, compared with 1.45% in the corresponding quarter of 1998 and .81% in 1998's fourth quarter. Net charge-offs of credit card balances included in net consumer loan charge-offs were $263 thousand and $4.5 million in the first quarter of 1999 and 1998, respectively, and $679 thousand in the last quarter of 1998.

Nonperforming loans were $115.4 million or .73% of total loans and leases outstanding at March 31, 1999, compared with $70.0 million or .58% a year earlier and $117.0 million or .74% at December 31, 1998. The increase from March 31, 1998 was largely the result of nonperforming loans obtained in the acquisition of ONBANCorp. Nonperforming commercial real estate loans totaled $21.6 million at March 31, 1999, $10.7 million at March 31, 1998 and $17.8 million at December 31, 1998. Nonperforming consumer loans and leases totaled $26.1 million at March 31, 1999, compared with $19.5 million at March 31, 1998 and $25.8 million at December 31, 1998. As a percentage of consumer loan balances outstanding, nonperforming consumer loans and leases were .89% at March 31, 1999 and December 31, 1998 compared with .90% at March 31, 1998. The remaining nonperforming loans consisted largely of residential mortgage loans totaling $49 million and $29 million at March 31, 1999 and 1998, respectively, and $48 million at December 31, 1998. Assets acquired in settlement of defaulted loans were $11.1 million at March 31, 1999 and December 31, 1998, and $7.8 million at March 31, 1998.

A comparative summary of nonperforming assets and certain credit quality ratios is presented in the accompanying table.

NONPERFORMING ASSETS
Dollars in thousands

	1999	1998 Quarters			
	First Quarter	Fourth	Third	Second	First
Nonaccrual loans	$ 69,393	70,999	73,778	78,527	40,737
Loans past due 90 days or more	37,988	37,784	37,746	41,686	24,449
Renegotiated loans	8,014	8,262	7,656	7,025	4,819
Total nonperforming loans	115,395	117,045	119,180	127,238	70,005
Real estate and other assets owned	11,052	11,129	11,106	12,211	7,828
Total nonperforming assets	$126,447	128,174	130,286	139,449	77,833
Government guaranteed nonperforming loans*	$ 13,368	14,316	13,776	16,062	14,787
Nonperforming loans to total loans and leases, net of unearned discount	.73%	.74%	.79%	.83%	.58%
Nonperforming assets to total net loans and leases and real estate and other assets owned	.80%	.81%	.86%	.91%	.65%

* INCLUDED IN TOTAL NONPERFORMING LOANS.

The allowance for possible credit losses was $306.7 million, or 1.94% of total loans and leases at March 31, 1999, compared with $278.7 million or 2.32% a year earlier and $306.3 million or 1.94% at December 31, 1998. The ratio of the allowance for possible credit losses to nonperforming loans was 266% at the most recent quarter-end, compared with 398% a year earlier and 262% at December 31, 1998. The decline in the allowance as a percentage of total loans at March 31, 1999 as compared with a year earlier reflects management's evaluation of the loan and lease portfolio, the July 1998 sale of the retail credit card business, the relatively favorable economic environment for many commercial borrowers, and other factors. Management regularly assesses the adequacy of the allowance by performing an ongoing evaluation of the loan and lease portfolio, including such factors as the differing economic risks associated with each loan category, the current financial condition of specific borrowers, the economic environment in which borrowers operate, the level of delinquent loans and the value of any collateral. Significant loans are individually analyzed, while other smaller balance loans are evaluated by loan category. Given the concentration of commercial real estate loans in the Company's loan portfolio, particularly the large concentration of loans secured by properties in New York State, in general, and in the New York City metropolitan area, in particular, coupled with the amount of commercial and industrial loans to businesses in New York State outside of the New York City metropolitan area and significant growth in recent years in loans to individual consumers, management cautiously evaluated the impact of interest rates and overall economic conditions on the ability of borrowers to meet repayment obligations when assessing the adequacy of the Company's allowance for possible credit losses as of March 31, 1999. Based upon the results of such review, management believes that the allowance for possible credit losses at March 31, 1999 was adequate to absorb credit losses from existing loans and leases.

OTHER INCOME

Other income totaled $72.7 million in the first quarter of 1999, up 36% from $53.6 million in the year-earlier quarter, excluding $15.3 million of tax-exempt other income the Company recognized in 1998's first quarter in connection with the contribution of appreciated investment securities with a fair value of $24.6 million to an affiliated, tax-exempt private charitable foundation. Approximately one-half of the increase from the first quarter of 1998 was attributable to revenues related to operations and/or market areas associated with the former ONBANCorp. Other income was $65.0 million in the fourth quarter of 1998.

Mortgage banking revenues totaled $21.5 million in the recent quarter, compared with $13.9 million in the year-earlier quarter and $16.9 million in the fourth quarter of 1998. Residential mortgage loan servicing fees were $7.0 million in the initial 1999 quarter, compared with $7.2 million a year earlier and $7.1 million in the final quarter of 1998. Gains from sales of residential mortgage loans and loan servicing rights were $13.0 million in the recently completed quarter, compared with $5.9 million in the corresponding 1998 quarter and $8.4 million in 1998's fourth quarter. During the first quarter of 1999 residential mortgage loans originated for sale to other investors totaled $652 million, up from $572 million in 1998's first quarter, but down from $819 million in the fourth 1998 quarter. Mortgage banking revenues in the first quarter of 1999 and the final 1998 quarter reflected a generally favorable interest rate environment for borrowers. Higher interest rates in 1999 would likely have the effect of dampening future mortgage loan origination volume. Residential mortgage loans held for sale totaled $324 million and $309 million at March 31, 1999 and 1998, respectively, and $445 million at December 31, 1998. Residential mortgage loans serviced for others totaled $7.1 billion at March 31, 1999 and $7.3 billion at March 31 and December 31, 1998. Capitalized servicing assets were $62 million at March 31, 1999 and December 31, 1998 and $59 million at March 31, 1998. Loans serviced for others and the related capitalized servicing assets obtained in the ONBANCorp acquisition were $988 million and $16 million, respectively, at April 1, 1998.

Service charges on deposit accounts were $15.9 million in the first quarter of 1999, up from $11.2 million in the corresponding quarter of the previous year and little changed from $16.0 million in the fourth quarter of 1998. Fees for services provided to customers in the areas formerly served by ONBANCorp contributed approximately three-fourths of the increase from the first quarter of 1998. Trust income was $10.3 million in the first quarter of 1999, compared with $9.5 million in last year's initial quarter and $9.4 million in the fourth quarter of 1998. Merchant discount and credit card fees were $1.7 million in the recent quarter, compared with $4.2 million in the year-earlier period and $1.5 million in the fourth 1998 quarter. The decrease from the first quarter of 1998 was predominately the result of the July 1998 sale of the Company's retail credit card business. Trading account and foreign exchange activity resulted in gains of $1.2 million in the first quarter of 1999, compared with gains of $1.8 million in the first and fourth quarters of 1998. Other revenue from operations totaled $22.0 million in the recent quarter, compared with $13.0 million in the corresponding quarter of 1998 (after excluding the $15.3 million of tax-exempt income related to the first quarter 1998 transfer of securities to the affiliated charitable foundation) and $18.2 million in the final quarter of 1998. The increase from the year-earlier period was due largely to higher revenues of $2.1

million from tax-exempt income earned from the Company's ownership of bank-owned life insurance, $1.5 million from the sale of mutual funds and annuities, and $1.5 million from letter of credit and other credit-related fees, plus a nonrecurring $2.9 million award received in recognition of the Company's community reinvestment activities. The community reinvestment award and higher revenues from the sale of mutual funds and annuities were the leading factors contributing to the increase from the fourth quarter of 1998.

OTHER EXPENSE

Other expense totaled $128.6 million in the initial quarter of 1999, 22% higher than $105.8 million in the year-earlier quarter, but little changed from $127.8 million in the fourth quarter of 1998, after excluding the $24.6 million non-cash charitable contribution expense previously noted and $1.6 million of nonrecurring ONBANCorp merger-related expenses from 1998's first quarter and amortization of goodwill and core deposit intangible from each of the quarters. Such amortization was $10.9 million in the first quarter of 1999, up from $1.8 million in the year-earlier quarter, but equal to 1998's fourth quarter. Expenses related to the acquired operations of ONBANCorp significantly contributed to the higher level of expenses since the first quarter of 1998. However, since all operating systems and support operations of ONBANCorp have been converted to or combined with those of the Company, the Company's operating expenses cannot be precisely divided between or attributed directly to operations acquired from ONBANCorp or the Company as it existed prior to the merger.

Salaries and employee benefits expense was $68.4 million in the recent quarter, 17% higher than the $58.3 million in the year-earlier quarter and slightly higher than the $67.7 million in the fourth quarter of 1998. Salaries and employee benefits relating to the operations acquired from ONBANCorp largely contributed to the increased expense level in the first 1999 quarter over 1998's first quarter. Other factors contributing to the higher expenses were merit salary increases and higher costs associated with commissions, other incentive-based compensation arrangements and employee benefits. Partially offsetting the impact of these higher expenses were declines in expense associated with stock appreciation rights.

Excluding the same items noted two paragraphs above, nonpersonnel expense totaled $60.2 million in the recent quarter, compared with $47.5 million in the first quarter of 1998 and $60.1 million in 1998's fourth quarter. The increase from the first quarter of 1998 was largely the result of expenses related to the acquired operations of ONBANCorp. Partially offsetting the ONBANCorp-related increases were declines in credit card-related operating expenses following the July 1998 sale of the retail credit card business. Co-branded credit card rebate and other operating expenses based on card usage were $1.7 million in the first quarter of 1998.

CAPITAL

Stockholders' equity at March 31, 1999 was $1.7 billion or 8.22% of total assets, compared with $1.1 billion or 7.34% of total assets a year earlier and $1.6 billion or 7.78% at December 31, 1998. Stockholders' equity per share was $215.34 at March 31, 1999, up from $160.06 and $207.94 at March 31 and December 31, 1998, respectively. Excluding goodwill and core deposit intangible, net of applicable tax effect, tangible equity per share was $148.95 at March 31, 1999, compared with $157.75 a year earlier and $139.89 at December 31, 1998. To complete the acquisition of ONBANCorp on April 1, 1998, M&T issued 1,429,998 shares of common stock to former holders of ONBANCorp common stock and assumed employee stock options for 61,772 shares of M&T common stock resulting in additions to stockholders' equity of $587.8 million and $19.4 million, respectively.

Stockholders' equity at March 31, 1999 reflected a gain of $620 thousand, or $.08 per share, for the net after-tax impact of unrealized gains on investment securities classified as available for sale, compared with unrealized gains of $4.8 million or $.72 per share at March 31, 1998 and $2.9 million or $.37 per share at December 31, 1998. Such unrealized gains represent the difference, net of applicable income tax effect, between the estimated fair value and amortized cost of investment securities classified as available for sale. The market valuation of investment securities should be considered in the context of the entire balance sheet of the Company. With the exception of investment securities classified as available for sale, trading account assets and liabilities, and residential mortgage loans held for sale, the carrying values of financial instruments in the balance sheet are generally not adjusted for appreciation or depreciation in market value resulting from changes in interest rates.

Federal regulators generally require banking institutions to maintain "core capital" and "total capital" ratios of at least 4% and 8%, respectively, of risk-adjusted total assets. In addition to the risk-based measures, Federal bank regulators have also implemented a minimum "leverage" ratio guideline of 3% of the quarterly average of total assets. As of March 31, 1999, core capital included the $319 million carrying value of trust preferred securities. Total capital also included $145 million of subordinated notes issued by M&T Bank in prior years. The capital ratios of the Company and its banking subsidiaries, Manufacturers and Traders Trust Company ("M&T Bank") and M&T Bank, N.A., as of March 31, 1999 are presented in the accompanying table.

REGULATORY CAPITAL RATIOS
March 31, 1999

	M&T (Consolidated)	M&T Bank	M&T Bank, N.A.
Core capital	8.95%	8.65%	14.87%
Total capital	11.12%	10.83%	16.47%
Leverage	7.34%	7.14%	7.38%

The rate of internal capital generation, or net income less dividends paid expressed as an annualized percentage of average total stockholders' equity, was 14.65% during the first quarter of 1999, compared with 16.80% and 12.31% in the first and fourth quarters of 1998, respectively.

During January 1999, M&T acquired 1,581 shares of its common stock for $115 thousand pursuant to, and thereby completing, the repurchase program announced in October 1998. In February 1999, M&T's board of directors authorized another plan to repurchase up to 134,342 additional shares for reissuance upon the possible future exercise of outstanding stock options. As of March 31, 1999, no shares had been repurchased under the latest plan.

YEAR 2000 INITIATIVES

The "Year 2000" problem relates to the ability of computer systems, including those in non-information technology equipment and systems ("Computer Systems"), to distinguish date data between the twentieth and twenty-first centuries. The Company's efforts to resolve the potential impact of the Year 2000 problem are continuing. The risk for the Company is that all of the corrections and testing will not be adequately completed in time for its own Computer Systems and/or for those of other parties doing business with or providing services to the Company.

Addressing the Year 2000 problem requires that the Company identify, remediate and test its Computer Systems that have date sensitive functions. As part of this process, the Company has identified those of its Computer Systems which, if uncorrected, would have a material adverse impact on the Company's customers, the Company's compliance with applicable regulations, or the Company's financial statements ("Mission Critical Systems"). Management believes that all but two of the Company's Mission Critical Systems are Year 2000 compliant. These two remaining Mission Critical Systems are out-sourced systems. Based on information supplied by the vendors, remediation efforts related to the two systems are largely complete. Management expects the systems to be certified Year 2000 compliant following completion of industry-wide testing during the second quarter of 1999. The Company also expects that its remaining Computer Systems will be Year 2000 compliant before the new millennium.

The Company could also be adversely affected if its vendors, customers and other parties that supply or rely on data processing systems are not Year 2000 compliant prior to the end of 1999. The Company, therefore, is working with its data processing vendors and providing information to its commercial customers regarding Year 2000 issues. Specifically, lending officers have been trained to address Year 2000 issues with customers, including assessing customer needs for Year 2000 compliance. The Company is also addressing the Year 2000 risks posed by other parties such as its funds providers and capital market/asset management counterparties. Lack of corrective measures by government agencies or service providers which the Company either receives data from or provides data to could also have a negative impact on the Company's operations. Notwithstanding the Company's efforts, a risk remains due to the uncertainty that such parties will be Year 2000 compliant before the new millennium. As a result, it is possible that if all aspects of Year 2000 issues are not adequately resolved by each of the parties referred to above, the Company's future business operations, financial position and results of operations could be adversely impacted. For example, the credit quality of commercial and other loans may be adversely affected by the failure of customers' operating systems resulting from Year 2000 issues. The Company has, however, completed a second survey of its commercial customers and has identified customers considered to have a potentially high Year 2000 business risk. The Company will monitor the Year 2000 status of such customers throughout 1999. The Company continues to evaluate information regarding Year 2000 activities received from significant vendors. Based on information provided to date by these vendors, management believes that such parties are taking steps to address Year 2000 issues on a timely basis.

Management is closely monitoring the Company's progress regarding Year 2000 issues. The Company has established a Year 2000 Steering Committee consisting of senior members of management to oversee all Year 2000 activities. In conjunction with its assessment of the Company's Year 2000 remediation plans, and the remediation efforts of other parties such as those described in the preceding paragraph, management is in the process of developing appropriate contingency plans to mitigate risks associated with critical Year 2000 issues that could arise during the period leading up to and after January 1, 2000. These contingency plans, which are expected to be complete by the end of the second quarter of 1999, will include business resumption contingency plans.

Through March 31, 1999, the Company has spent approximately $6.5 million (including approximately $1.2 million during the first three months of 1999) in addressing its potential Year 2000 problems. Management believes that the Company is continuing to devote appropriate financial and human resources to resolve its Year 2000 issues in a timely manner, and currently estimates that it will expend an additional $2.5 to $4.5 million in order to address Year 2000 issues. A majority of the Company's past and future Year 2000 costs relate to internal costs and constitute resources that would otherwise have been reallocated within the Company. Such reallocation has not had a material adverse impact on the Company's financial condition or results of operations, nor is it expected to have a material adverse impact in future periods. Costs associated with Year 2000 issues are recognized in expense as incurred.

The preceding discussion of Year 2000 initiatives contains forward-looking statements as to Year 2000 issues. See also the discussion of Future Factors under the caption "Forward-Looking Statements," which are incorporated by reference into the preceding discussion.

SEGMENT INFORMATION

The Company's reportable segments have been determined based upon its internal profitability reporting system, which is organized by strategic business unit. Certain strategic business units have been combined for segment information reporting purposes where the nature of the products and services, the type of customer and the distribution of those products are similar. The reportable segments are Commercial Banking, Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking and Retail Banking.

The financial information of the Company's segments was compiled utilizing the accounting policies described in note 21 to the Company's consolidated financial statements as of and for the year ended December 31, 1998. The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to generally accepted accounting principles. As a result, reported segments are not necessarily comparable with similar information reported by other financial institutions.

The Commercial Banking segment's earnings rose 55% to $20.7 million in the first quarter of 1999 from $13.3 million in the comparable 1998 quarter. Commercial loans obtained from ONBANCorp and loan growth in most of the markets already served by the Company were the leading factors contributing to the increase. In the initial quarter of 1999, the Commercial Real Estate segment contributed net income of $14.4 million, compared with $15.8 million in the year-earlier period. The decrease in net income was due in part to a higher provision for loan losses of $1.2 million in 1999's first quarter over the corresponding 1998 quarter. Net income contributed by the Discretionary Portfolio segment in the first quarter of 1999 totaled $8.8 million, compared with $5.4 million in the first quarter of 1998. Noninterest income in this segment increased $2.3 million largely due to tax-exempt income earned from increases in the cash surrender value of bank-owned life insurance. In addition, an increase in earning assets, including residential mortgage loans and investment securities obtained in the ONBANCorp acquisition, contributed to an increase in net interest income of $2.9 million. The Residential Mortgage Banking segment had net income of $7.0 million in the initial 1999 quarter, an increase of 68% from $4.1 million in the corresponding 1998 quarter, largely the result of a $7.3 million increase in gains from sales of loans and loan servicing rights. A favorable interest rate environment was the primary factor leading to an increase in loan origination volume and the related increase in net income for this segment. As of March 31, 1999, loans serviced by the Residential Mortgage Banking segment totaled $10.7 billion, including $3.5 billion of loans serviced for the Company, compared with $9.6 billion a year earlier. Retail Banking earned $24.5 million in 1999's first quarter, up 28% from $19.2 million in the year-earlier period. The acquisition of ONBANCorp on April 1, 1998 was the leading factor contributing to the increase.

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available for sale security, or a foreign currency denominated forecasted transaction.

The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. An entity that elects to apply hedge accounting is required to establish at the inception of the hedge the method it will use for assessing the effectiveness of the hedging derivative and the measurement approach for determining the ineffective aspect of the hedge. Those methods must be consistent with the entity's approach to managing risk.

SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. Initial application of SFAS No. 133 should be as of the beginning of an entity's fiscal quarter; on that date, hedging relationships must be designated anew and documented pursuant to the provisions of the statement. Early application of all of the provisions of SFAS No. 133 is encouraged, but is permitted only as of the beginning of any fiscal quarter that began after issuance of the statement. SFAS No. 133 should not be applied retroactively to financial statements of prior periods.

The Company anticipates that adoption of SFAS No. 133 as of January 1, 2000 could increase the volatility of reported earnings and stockholders' equity and could also result in the modification of certain data processing systems and hedging practices.

FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this quarterly report contain forward-looking statements that are based on current expectations, estimates and projections about the Company's business, management's beliefs and assumptions made by management. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Future Factors include changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; credit losses; sources of liquidity; regulatory supervision and oversight, including required capital levels; increasing price and product/service competition by competitors, including new entrants; rapid technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; the mix of products/services; containing costs and expenses; governmental and public policy changes, including environmental regulations; protection and validity of intellectual property rights; reliance on large customers; technological, implementation and cost/financial risks in large, multi-year contracts; technological, implementation and financial risks associated with Year 2000 issues; the outcome of pending and future litigation and governmental proceedings; continued availability of financing; and financial resources in the amounts, at the times and on the terms required to support the Company's future businesses. These are representative of the Future Factors that could affect the outcome of the forward-looking statements. In addition, such statements could be affected by general industry and market conditions and growth rates, general economic conditions, including interest rate and currency exchange rate fluctuations, and other Future Factors.

M&T BANK CORPORATION AND SUBSIDIARIES

QUARTERLY TRENDS

	1999	1998 Quarters			
	First quarter	Fourth	Third	Second	First
EARNINGS AND DIVIDENDS					
AMOUNTS IN THOUSANDS, EXCEPT PER SHARE					
Interest income (taxable-equivalent basis)	$358,370	360,571	361,921	364,838	279,306
Interest expense	175,238	183,424	184,850	184,644	134,585
Net interest income	183,132	177,147	177,071	180,194	144,721
Less: provision for possible credit losses	8,500	7,500	10,500	13,200	12,000
Other income	72,716	64,985	63,986	65,075	68,893
Less: other expense	139,466	138,756	138,490	155,004	133,873
Income before income taxes	107,882	95,876	92,067	77,065	67,741
Applicable income taxes	39,151	36,064	33,693	30,587	17,245
Taxable-equivalent adjustment	1,825	1,969	1,897	1,779	1,541
Net income	$ 66,906	57,843	56,477	44,699	48,955
Per common share data					
Net income					
Basic	$ 8.65	7.44	7.09	5.55	7.34
Diluted	8.34	7.14	6.81	5.32	7.01
Cash dividends	$ 1.00	1.00	1.00	1.00	.80
Average common shares outstanding					
Basic	7,731	7,778	7,966	8,051	6,666
Diluted	8,023	8,105	8,288	8,409	6,981
PERFORMANCE RATIOS, ANNUALIZED					
Return on					
Average assets	1.34%	1.14%	1.15%	.92%	1.41%
Average common stockholders' equity	16.56%	14.20%	13.48%	10.77%	18.86%
Net interest margin on average earning assets					
(taxable-equivalent basis)	3.98%	3.82%	3.93%	4.02%	4.39%
Nonperforming assets to total assets,					
at end of quarter	.62%	.62%	.67%	.69%	.53%
CASH (TANGIBLE)OPERATING RESULTS (A)					
Net income (in thousands)	$ 76,333	67,326	67,703	65,445	51,448
Diluted net income per common share	9.51	8.31	8.17	7.78	7.37
Annualized return on					
Average tangible assets	1.57%	1.36%	1.42%	1.38%	1.49%
Average tangible common stockholders' equity	27.66%	24.57%	23.90%	23.50%	20.13%
BALANCE SHEET DATA					
DOLLARS IN MILLIONS, EXCEPT PER SHARE					
Average balances					
Total assets	$ 20,298	20,101	19,455	19,547	14,055
Earning assets	18,664	18,401	17,881	17,992	13,357
Investment securities	2,497	2,617	2,533	2,858	1,614
Loans and leases, net of unearned discount	15,761	15,389	15,124	14,978	11,602
Deposits	14,497	14,617	14,552	14,726	10,988
Stockholders' equity	1,638	1,616	1,662	1,664	1,053
At end of quarter					
Total assets	$ 20,285	20,584	19,478	20,138	14,570
Earning assets	18,730	18,926	17,905	18,419	13,778
Investment securities	2,088	2,786	2,446	2,707	1,530
Loans and leases, net of unearned discount	15,813	15,792	15,163	15,245	12,033
Deposits	14,476	14,737	14,394	14,813	11,085
Stockholders' equity	1,667	1,602	1,649	1,659	1,069
Equity per common share	215.34	207.94	209.03	207.18	160.06
Tangible equity per common share	148.95	139.89	141.43	139.37	157.75
MARKET PRICE PER COMMON SHARE					
High	$ 518 3/4	539 1/2	582	554	504
Low	464	400	410	480	429
Closing	479	518 15/16	461	554	499 7/8

(a) Excludes amortization and balances related to goodwill and core deposit intangible and the 1998 nonrecurring ONBANCorp merger-related expenses, net of applicable income tax effects.

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1999 First quarter Average balance	Interest	Average rate	1998 Fourth quarter Average balance	Interest	Average rate	1998 Third quarter Average balance	Interest	Average rate
ASSETS									
Earning assets									
Loans and leases, net of unearned discount*									
Commercial, financial, etc	$ 3,179	$ 64,028	8.17%	3,034	61,936	8.10%	2,935	61,711	8.34%
Real estate	9,691	191,482	7.90	9,458	189,222	8.00	9,273	191,102	8.24
Consumer	2,891	60,003	8.42	2,897	63,154	8.65	2,916	65,389	8.90
Total loans and leases, net	15,761	315,513	8.12	15,389	314,312	8.10	15,124	318,202	8.35
Money-market assets									
Interest-bearing deposits at banks	1	6	2.68	2	14	3.80	2	16	3.07
Federal funds sold and agreements to resell securities	331	3,823	4.68	276	3,690	5.30	119	1,634	5.44
Trading account	74	1,257	6.91	117	2,066	6.99	103	1,797	6.93
Total money-market assets	406	5,086	5.08	395	5,770	5.80	224	3,447	6.11
Investment securities**									
U.S. Treasury and federal agencies	1,112	15,832	5.77	1,398	20,905	5.93	1,561	23,644	6.01
Obligations of states and political subdivisions	72	1,116	6.30	78	1,217	6.19	85	1,321	6.18
Other	1,313	20,823	6.43	1,141	18,367	6.39	887	15,307	6.84
Total investment securities	2,497	37,771	6.13	2,617	40,489	6.14	2,533	40,272	6.31
TOTAL EARNING ASSETS	18,664	358,370	7.79	18,401	360,571	7.77	17,881	361,921	8.03
Allowance for possible credit losses	(308)			(310)			(311)		
Cash and due from banks	442			425			413		
Other assets	1,500			1,585			1,472		
Total assets	$ 20,298			20,101			19,455		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities									
Interest-bearing deposits									
NOW accounts	$ 399	1,280	1.30	390	1,379	1.40	344	1,328	1.53
Savings deposits	4,881	28,810	2.39	4,828	30,707	2.52	4,709	31,395	2.65
Time deposits	7,049	90,892	5.23	7,216	98,526	5.42	7,414	103,525	5.54
Deposits at foreign office	303	3,429	4.59	341	4,208	4.89	293	3,964	5.36
Total interest-bearing deposits	12,632	124,411	3.99	12,775	134,820	4.19	12,760	140,212	4.36
Short-term borrowings	2,138	25,735	4.88	2,055	26,640	5.14	2,069	29,376	5.63
Long-term borrowings	1,647	25,092	6.18	1,344	21,964	6.48	861	15,262	7.03
TOTAL INTEREST-BEARING LIABILITIES	16,417	175,238	4.33	16,174	183,424	4.50	15,690	184,850	4.67
Noninterest-bearing deposits	1,865			1,842			1,792		
Other liabilities	378			469			311		
Total liabilities	18,660			18,485			17,793		
Stockholders' equity	1,638			1,616			1,662		
Total liabilities and stockholders' equity	$ 20,298			20,101			19,455		
Net interest spread			3.46			3.27			3.36
Contribution of interest-free funds			0.52			0.55			0.57
Net interest income/margin on earning assets		$183,132	3.98%		177,147	3.82%		177,071	3.93%

*INCLUDES NONACCRUAL LOANS.
**INCLUDES AVAILABLE FOR SALE SECURITIES AT AMORTIZED COST.

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES (continued)

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1998 Second quarter Average balance	Interest	Average rate	1998 First quarter Average balance	Interest	Average rate
ASSETS						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc	$ 2,954	$ 62,185	8.44%	2,393	$ 49,797	8.44%
Real estate	8,951	185,138	8.27	7,012	150,205	8.57
Consumer	3,073	69,830	9.11	2,197	51,194	9.45
Total loans and leases, net	14,978	317,153	8.49	11,602	251,196	8.78
Money-market assets						
Interest-bearing deposits at banks	37	364	3.93	1	6	2.91
Federal funds sold and agreements to resell securities	88	1,247	5.70	127	1,722	5.51
Trading account	31	494	6.31	13	169	5.13
Total money-market assets	156	2,105	5.40	141	1,897	5.45
Investment securities**						
U.S. Treasury and federal agencies	1,816	27,620	6.10	1,013	15,861	6.35
Obligations of states and political subdivisions	90	1,396	6.25	37	628	6.83
Other	952	16,564	6.98	564	9,724	7.00
Total investment securities	2,858	45,580	6.40	1,614	26,213	6.59
TOTAL EARNING ASSETS	17,992	364,838	8.13	13,357	279,306	8.48
Allowance for possible credit losses	(310)			(279)		
Cash and due from banks	417			321		
Other assets	1,448			656		
Total assets	$ 19,547			14,055		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 304	1,189	1.57	270	955	1.44
Savings deposits	4,718	30,636	2.60	3,446	22,607	2.66
Time deposits	7,686	105,500	5.51	5,753	80,634	5.68
Deposits at foreign office	267	3,562	5.34	247	3,239	5.31
Total interest-bearing deposits	12,975	140,887	4.36	9,716	107,435	4.48
Short-term borrowings	2,207	30,969	5.63	1,353	18,597	5.57
Long-term borrowings	695	12,788	7.38	428	8,553	8.11
TOTAL INTEREST-BEARING LIABILITIES	15,877	184,644	4.66	11,497	134,585	4.75
Noninterest-bearing deposits	1,751			1,272		
Other liabilities	255			233		
Total liabilities	17,883			13,002		
Stockholders' equity	1,664			1,053		
Total liabilities and stockholders' equity	$ 19,547			14,055		
Net interest spread			3.47			3.73
Contribution of interest-free funds			0.55			0.66
Net interest income/margin on earning assets		$ 180,194	4.02%		$144,721	4.39%

*INCLUDES NONACCRUAL LOANS.
**INCLUDES AVAILABLE FOR SALE SECURITIES AT AMORTIZED COST.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Incorporated by reference to the discussion contained under the caption "Taxable-equivalent Net Interest Income" in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

M&T and its subsidiaries are subject in the normal course of business to various pending and threatened legal proceedings in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate that the aggregate ultimate liability, if any, arising out of litigation pending against M&T or its subsidiaries will be material to M&T's consolidated financial position, but at the present time is not in a position to determine whether such litigation will have a material adverse effect on M&T's consolidated results of operations in any future reporting period.

Item 2. Changes in Securities and Use of Proceeds.
(Not applicable.)

Item 3. Defaults Upon Senior Securities.
(Not applicable.)

Item 4. Submission of Matters to a Vote of Security Holders.

The 1999 Annual Meeting of Stockholders of M&T was held on April 20, 1999. At the 1999 Annual Meeting, stockholders elected twenty-two (22) directors, all of whom were then serving as directors of M&T, for terms of one (1) year and until their successors are elected and qualified. The following table reflects the tabulation of the votes with respect to each director who was elected at the 1999 Annual Meeting.

NOMINEE	NUMBER OF VOTES FOR	WITHHELD
William F. Allyn	6,964,656	25,690
Brent D. Baird	6,968,659	21,687
John H. Benisch	6,966,728	23,618
Robert J. Bennett	6,918,550	71,796
C. Angela Bontempo	6,964,433	25,913
Robert T. Brady	6,547,995	442,351
Patrick J. Callan	6,968,521	21,825
Richard E. Garman	6,552,482	437,864
James V. Glynn	6,964,609	25,737
Roy M. Goodman	6,956,308	34,038
Patrick W.E. Hodgson	6,968,182	22,164
Samuel T. Hubbard, Jr.	6,548,032	442,314
Russell A. King	6,963,622	26,724
Lambros J. Lambros	6,552,045	438,301
Reginald B. Newman, II	6,964,428	25,918
Peter J. O'Donnell, Jr.	6,964,257	26,089
Jorge G. Pereira	6,968,298	22,048
Robert E. Sadler, Jr.	6,968,352	21,994
John L. Vensel	6,846,725	143,621
Herbert L. Washington	6,529,702	460,644
John L. Wehle, Jr.	6,963,984	26,362
Robert G. Wilmers	6,967,972	22,374

At the Annual Meeting, stockholders also approved an amendment to the M&T Bank Corporation 1983 Stock Option Plan ("Stock Option Plan") permitting any employee of the Company to be eligible to receive grants under the Stock Option Plan. The following table presents the tabulation of the votes with respect to the amendment to the Stock Option Plan.

Number of Votes			
For	Against	Abstain	Broker Non-Votes
6,519,007	420,606	50,733	0

Item 5. Other Information.

(None.)

Item 6. Exhibits and Reports on Form 8-K.

(a) The following exhibits are filed as a part of this report:

Exhibit NO.	
10.3	M&T Bank Corporation 1983 Stock Option Plan as last amended April 20, 1999. Filed herewith.
27.1	Financial Data Schedule. Filed herewith.

(b) Reports on Form 8-K. M&T did not file any Current Reports on Form 8-K during the fiscal quarter ended March 31, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

M&T BANK CORPORATION

Date: May 14, 1999

By: /s/ Michael P. Pinto

Michael P. Pinto
Executive Vice President
and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	
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27.1	Financial Data Schedule. Filed herewith.

Exhibit 10.3

M&T BANK CORPORATION
1983 STOCK OPTION PLAN
(COMPOSITE COPY AS OF APRIL 20, 1999)

1. Definitions

In this Plan, except where the context otherwise indicates, the following definitions apply:

(a) "Agreement" means the written agreement implementing a grant of an Option and/or Right.

(b) "Board" means the Board of Directors of the Company.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Committee" means the committee of the Board meeting the standards of Rule 16b- 3(d)(1) and Treasury Regulations ss. 1.162-27(c)(4), or any similar successor rules or regulations, appointed by the Board to administer this Plan. Unless otherwise determined by the Board, the Compensation Committee of the Board shall be the Committee.

(e) "Common Stock" means the authorized but unissued or reacquired Common Stock, par value $5.00 per share, of the Company.

(f) "Company" means M&T Bank Corporation.

(g) "Date of Exercise" means the date on which the Company receives notice pursuant to Article 8 of the exercise of an Option or Right.

(h) "Date of Grant" means the date on which an Option or Right is granted by the action of the Committee or such later date as may be specified by the Committee in taking such action.

(i) "Director" means any person who is a director of the Company or any Subsidiary.

(j) "Employee" means any person determined by the Committee to be an employee of the Company or any Subsidiary.

(k) "Exchange Act" means the Securities and Exchange Act of 1934, as amended.

(l) "Fair Market Value" of a share of Common Stock means the amount equal to the closing price for a share of Common Stock on the New York Stock Exchange as reported by such source as the Committee may select, or, if such price quotation for a share of Common Stock is not so reported, then the fair market value of such stock as determined by the Committee pursuant to a reasonable method adopted in good faith for such purpose, in each case subject to adjustment under Article 10.

(m) "Grant Price" means (i) in the case of a Right that is not a Related Right, the Fair Market Value per share on the Date of Grant of the Right, (ii) in the case of a Right that is a Related Right to a Nonstatutory Stock Option and not to another Right, either (A) the Option Price per share as provided in the Related Option or (B) the Fair Market Value per share on the Date of Grant of the Right, as designated by the Committee in the Agreement granting the Right, (iii) in the case of a Right that is a Related Right to an Incentive Stock Option, the Option Price per share as provided in the Related Option, (iv) in the case of a Right that is a Related Right to another Right and not to an Option, either (A) the Fair Market Value per share on the Date of Grant of the Right or (B) the Fair Market Value per share on the Date of Grant of its Related Right, as designated by the Committee in the Agreement granting the Right, or (v) in the case of a Right that is a Related Right both to a Nonstatutory Stock Option and to another Right, (A) the Option Price per share as provided in the Related Option, (B) the Fair Market Value per share on the Date of Grant of the Right, or (C) the Fair Market Value per share on the Date of Grant of its Related Right, as designated by the Committee in the Agreement granting the Right.

(n) "Incentive Stock Option" means an Option granted under the Plan that qualifies as an incentive stock option under section 422 of the Code and that the Company designates as such in the Agreement granting the Option.

(o) "Key Employee" means (i) any Employee selected by the Committee to receive Options or Rights under the Plan, or (ii) a former trustee or officer of The East New York Savings Bank who, upon closing of the acquisition by the Company of The East New York Savings Bank, was granted nonstatutory stock options under the Plan pursuant to the terms of Section 5(i) of the Merger Agreement by and between First Empire State Corporation, The East New York Savings Bank and the incorporators of West Interim Savings Bank.

(p) "Limited Right" means a limited stock appreciation right granted under the Plan.

(q) "Limited Right Period" means the period during which a Limited Right may be exercised as provided in Paragraph 7(h) hereof.

(r) "Nonlimited Right" means a nonlimited stock appreciation right granted under the Plan.

(s) "Nonlimited Right Period" means the period during which a Nonlimited Right may be exercised as provided in Paragraph 7(g) hereof.

(t) "Nonstatutory Stock Option" means an Option granted under the Plan which is not an Incentive Stock Option.

(u) "Offer" means any tender offer or exchange offer for the Company's Common Stock made by an Offeror which might, if consummated pursuant to its terms or pursuant to any power reserved in its terms, cause the Offeror to become the beneficial owner of twenty percent or more of the outstanding Common Stock. As used in this definition, "beneficial owner" shall have the meaning ascribed to it from time to time under the rules and regulations promulgated by the SEC under Section 13(d) of the Exchange Act, or in the event of the repeal or alteration of such section, such meaning as may from time to time be ascribed to "beneficial owner" under the rules and regulations promulgated by the SEC under any similar federal law.

(v) "Offer Price per Share" with respect to the exercise of a Limited Right means the greater of (i) the highest price per share of Common Stock paid in any Offer which Offer is in effect at any time during the period beginning on the ninetieth day prior to the Date of Exercise of such Limited Right and ending on the Date of Exercise of such Limited Right or (ii) the highest Fair Market Value per share of Common Stock during such period. Any securities or property that is part or all of the consideration paid for shares in the Offer shall be valued in determining the Offer Price per Share at the higher of (A) the valuation placed on such securities or property by the corporation, person or other entity making such Offer or (B) the valuation placed on such securities or property by the Committee.

(w) "Offeror" means any person, other than the Company or any of its Subsidiaries, who makes an Offer. As used in this definition, "person" shall include any natural person, corporation, partnership, trust, association, business entity, or any group of persons, whose ownership of Common Stock would be required to be reported collectively pursuant to Section 13(d) of the Exchange Act and the rules and regulations promulgated by the SEC thereunder, as from time to time in effect, or in the event of the repeal or alteration of such section, such reporting requirements as may from time to time be prescribed by any similar federal law.

(x) "Option" means an Incentive Stock Option or Nonstatutory Stock Option granted under the Plan.

(y) "Option Period" means the period during which an Option may be exercised.

(z) "Option Price" means the price per share at which an Option may be exercised. The Option Price shall be determined by the Committee, but in no event shall the Option Price be less than the greater of the Fair Market Value of the Common Stock determined as of the Date of Grant or the par value of the Common Stock, except that in connection with grants of Options to those Key Employees who were granted Options upon the closing of the Company's acquisition of The East New York Savings Bank as described in Section 1(o)(ii) hereof, the Option Price of Options granted upon closing of the acquisition may not be less than the price at which Common Stock was sold to the public pursuant to the underwritten offering in connection with the Company's acquisition of The East New York Savings Bank.

(aa) "Optionee" means a Key Employee to whom an Option or Right has been granted.

(bb) "Plan" means the M&T Bank Corporation 1983 Stock Option Plan, as amended.

(cc) "Related Option" means an Option in connection with which, or by amendment to which, a specified Right is granted.

(dd) "Related Right" means a Right granted in connection with, or by amendment to, a specified Option or other Right.

(ee) "Right" means a Limited Right or Nonlimited Right granted under the Plan.

(Franklin First Savings Bank) "Rule 16b-3" means Rule 16b-3 of the rules and regulations as promulgated and amended from time to time by the SEC under Section 16(b) of the Exchange Act.

(gg) "SEC" means the Securities and Exchange Commission.

(hh) "Subsidiary" means a corporation at least fifty percent of the total combined voting power of all classes of stock of which is owned by the Company, either directly or through one or more other Subsidiaries.

2. Purpose

This Plan is intended to aid in maintaining and developing strong management through encouraging the ownership of Common Stock by Key Employees and through stimulating their efforts by giving suitable recognition, in addition to their other remuneration, to the ability and industry which contribute materially to the success of the Company's business interests, and to provide an incentive to the continued service of such Key Employees.

3. Administration

This Plan shall be administered by the Committee. In addition to any other powers granted to the Committee, it shall have the following powers, subject to the express provisions of the Plan:

(a) subject to the provisions of Articles 4, 6 and 7, to determine in its discretion the Key Employees to whom Options or Rights shall be granted under the Plan, the number of shares to be subject to each Option or Right, and the terms upon which, the times at which, and the periods within which such Options or Rights may be acquired and exercised;

(b) to determine all other terms and provisions of each Agreement, which need not be identical;

(c) without limiting the foregoing, to provide in its discretion in an Agreement:

(i) for an agreement by the Optionee to render services to the Company or a Subsidiary upon such terms and conditions as may be specified in the Agreement, provided that the Committee shall not have the power to commit the Company or any Subsidiary to employ or otherwise retain any Optionee;

(ii) for restrictions on the transfer, sale or other disposition of the Common Stock issued to the Optionee upon the exercise of an Option or Right;

(iii) for an agreement by the Optionee to resell to the Company, under specified conditions, stock issued upon the exercise of an Option or Right; and

(iv) for the form of payment of the Option Price upon the exercise of an Option, including without limitation in cash, by delivery (including constructive delivery) of shares of Common Stock valued at Fair Market Value on the Date of Exercise of the Option, or by a combination of cash and Common Stock;

(d) to construe and interpret the Agreements and the Plan;

(e) to require, whether or not provided for in the pertinent Agreement, of any person exercising an Option or Right granted under the Plan, at the time of such exercise, the making of any representations or agreements which the Committee may deem necessary or advisable in order to comply with the securities laws of the United States or of any state;

(f) to provide for satisfaction of an Optionee's tax liabilities arising in connection with the Plan through, without limitation, retention by the Company of shares of Common Stock otherwise issuable on the exercise of a Nonstatutory Stock Option or Nonlimited Right or through delivery of shares of Common Stock to the Company by the Optionee under such terms and conditions as the Committee deems appropriate; and

(g) to make all other determinations and take all other actions necessary or advisable for the administration of the Plan.

Any determinations or actions made or taken by the Committee pursuant to this Article shall be binding and final.

4. Eligibility

Options and Rights may be granted only to Key Employees, provided, however, that the members of the Committee are not eligible to receive Options or Rights under the Plan. A Key Employee who has been granted an Option or Right may be granted additional Options and Rights.

5. Stock Subject to the Plan

(a) There is hereby reserved for issuance upon the exercise of Options and Rights granted under this Plan an aggregate of 2,500,000 shares of Common Stock, subject to the provisions of Article 10; provided, however, that no Key Employee shall be granted in any fiscal year of the Company Options and Rights (including Rights that may be exercised only for cash) for more than 50,000 shares, provided that a newly-hired Key Employee who will serve as an executive officer of the Company may receive an additional one-time grant of Options and/or Rights covering up to 50,000 shares of the Common Stock upon commencement of employment with the Company, and provided further that such limits shall be subject to such adjustment, if any, as the Committee deems appropriate to reflect such events as stock dividends, stock splits, recapitalizations, mergers, consolidations or reorganizations of or by the Company; and

(b) Shares of Common Stock available under this Plan shall be reduced by the sum of the aggregate number of shares of Common Stock which become subject to outstanding Options and Rights. To the extent that shares of Common Stock are not issued or delivered by reason of the settlement in cash (if permitted in the applicable Agreement, expiration, termination, cancellation or forfeiture of such Options or Rights, or by reason of the delivery or withholding of shares of Common Stock to pay all or a portion of the exercise price of an award, if any, or to satisfy all or a portion of the tax withholding obligations relating to an award, then such shares of Common Stock shall again be available under the Plan. The Committee is authorized to modify or amend this Section 5(b) in such manner as the Committee deems appropriate for the administration of the Plan.

6. Options

(a) Pursuant to the terms of the Plan, the Committee is hereby authorized to grant Nonstatutory Stock Options and Incentive Stock Options to Key Employees.

(b) All Agreements granting Options shall contain a statement that the Option is intended to be either (i) a Nonstatutory Stock Option or (ii) an Incentive Stock Option.

(c) The Option Period shall be determined by the Committee and specifically set forth in the Agreement, provided, however, that an Option shall not be exercisable after ten years from the Date of Grant in the case of an Incentive Stock Option and after ten years and one day from the Date of Grant in the case of a Nonstatutory Stock Option.

(d) The aggregate Fair Market Value (determined as of the date an Incentive Stock Option is granted) of the Common Stock with respect to which all Incentive Stock Options granted to any one person at any time (under all stock option plans of the person's employer corporation and its "parent" and "subsidiary" corporations) may first become exercisable in any calendar year shall not exceed $100,000. For purposes of this Paragraph (d), the terms "parent" and "subsidiary" corporations shall have the respective meanings given to them in section 424 of the Code.

(e) All Incentive Stock Options granted under the Plan shall comply with the provisions of the Code governing incentive stock options and with all other applicable rules and regulations.

(f) All other terms of Options granted under this Plan shall be determined by the Committee in its sole discretion.

7. Rights

(a) Pursuant to the terms of the Plan, the Committee is hereby authorized to grant Rights.

(b) A Nonlimited Right may be granted under the Plan as follows:

(i) in connection with, and at the same time as, the grant of an Option or a Limited Right under the Plan;

(ii) by amendment of an outstanding Nonstatutory Stock Option or Limited Right granted under the Plan; or

(iii) independently of any Option or Limited Right granted under the Plan.

(c) A Limited Right may be granted under the Plan as follows:

(i) in connection with, and at the same time as, the grant of an Option or a Nonlimited Right under the Plan;

(ii) by amendment of an outstanding Nonstatutory Stock Option or nonlimited Right granted under the Plan; or

(iii) independently of any Option or Nonlimited Right granted under the Plan.

(d) A Related Right may apply, in the Committee's discretion, to all or a portion of the Common Stock subject to its Related Right or Related Option.

(e) A Nonlimited Right granted under the Plan may be exercised in whole or in part as provided in the Agreement and, subject to the provisions of the Agreement and Paragraph (l) of this Article, entitles its Optionee to receive, without any payment to the Company, either cash or that number of shares of Common Stock (up to the highest whole number of shares), or a combination thereof, in the amount of or having a Fair Market Value determined as of the Date of Exercise equal to the number of shares of Common Stock subject to the portion of the Nonlimited Right exercised multiplied by an amount equal to the excess of (i) the Fair Market Value per share on the Date of Exercise of the Nonlimited Right over (ii) the Grant Price of the Nonlimited Right.

(f) A Limited Right granted under the Plan may be exercised in whole or in part as provided in the Agreement and entitles its Optionee to receive, without any payment to the Company, cash in an amount equal to the number of shares of Common Stock subject to the portion of the Limited Right exercised multiplied by an amount equal to the excess of (i) in the case of a Limited Right that is not a Related Right to an Incentive Stock Option, (A) the Offer Price per Share over (B) the Grant Price of the Limited Right or (ii) in the case of a Limited Right that is a Related Right to an Incentive Stock Option, (A) the Fair Market Value per share on the Date of Exercise of such Limited Right over (B) the Grant Price of the Limited Right.

(g) Subject to the provisions of Paragraph (i) of this Article, the Nonlimited Right Period shall be determined by the Committee and set forth in the Agreement.

(h) Subject to the provisions of Paragraph (i) of this Article, the Limited Right Period shall be the period beginning on the first day following the date of the first purchase of shares of Common Stock pursuant to any Offer and ending on the date ninety days thereafter.

(i) Notwithstanding any other provision of this Plan or any provision of any Agreement, the following rules shall apply:

(i) a Right will expire no later than the earlier of (A) ten years from the Date of Grant or (B) in the case of a Related Right, the expiration of its Related Right or Related Option;

(ii) a Right may be exercised only when the Fair Market Value of a share of Common Stock on the Date of Exercise exceeds the Grant Price of the Right;

(iii) a Right that is a Related Right to an Incentive Stock Option may be exercised only when and to the extent the Related Option is exercisable; and

(iv) a Limited Right that is a Related Right to a Nonstatutory Stock Option or to a Nonlimited Right may be exercised with respect to all or any portion of the shares subject to the Limited Right whether or not its Related Right or Related Option is then exercisable to that extent.

(j) The Company intends that this Article shall comply with the requirements of Rule 16b-3 during the term of this Plan. Should any provision of this Article not be necessary to comply with the requirements of Rule 16b-3 or should any additional provisions be necessary for this Article to comply with the requirements of Rule 16b-3, the Board or the Committee may amend this Plan to delete, add to or modify the provisions of the Plan accordingly. The Company's failure for any reason whatsoever to comply with any requirements of Rule 16b-3, and any resultant unavailability of Rule 16b-3 to Optionees shall not impose any liability on the Company to any Optionee or to any other party.

(k) The exercise, in whole or in part, of a Related Right shall cause a reduction in the number of shares of Common Stock subject to its Related Right or Related Option equal to the number of shares of Common Stock with respect to which the Right being exercised is exercised. Similarly, the exercise, in whole or in part, of a Related Option shall cause a reduction in the number of shares subject to the Related Right equal to the number of shares with respect to which the Related Option is exercised.

(l) Subject to the limitations of the Agreement and this Paragraph (l), an Optionee may (A) elect to receive cash upon exercise of a Right and exercise such Right or (B) exercise a Right exercisable only for cash, and upon such election and exercise or such exercise, the Company shall settle its obligations arising out of the exercise of the Right by the payment of cash in the amount set forth in Paragraph (e) of this Article if the Right is a Nonlimited Right, or in the amount set forth in Paragraph (f) of this Article if the Right is a Limited Right; provided, however, that the Committee shall have the sole discretion to consent to or to disapprove the election of any Optionee to receive cash in full or partial settlement of a Right.

Any election by an Optionee for settlement in cash must be made in the notice of exercise of the Right. In cases where an election of settlement in cash must be consented to by the Committee, the Committee may consent to, or disapprove, such election at any time after such election, or within such period for taking such action as is specified in the notice of exercise and election, and failure to give such consent shall be disapproval. Such consent may be given in whole or as to a portion of the Right surrendered by the Optionee. If such election to receive cash is disapproved in whole or in part, the Right shall be deemed to have been exercised for stock, or, if so specified in the notice of exercise and election, not to have been exercised, to the extent such election to receive cash is disapproved.

8. Exercise

An Option or Right may be exercised, subject to the provisions of the Agreement under which it was granted, in whole or in part by the delivery to the Company of written notice of the exercise, in such form as the Committee may prescribe, accompanied, in the case of an Option, by either (a) full payment for the Common Stock with respect to which the Option is exercised; (b) delivery of shares of Common Stock (including constructive delivery) having a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said option shall be exercised; or (c) a properly executed exercise notice and irrevocable instructions to a broker promptly to deliver to the Company cash equal to the exercise price.

9. Nontransferability

Except as otherwise provided in an Agreement, Options and Rights granted under the Plan shall not be transferable otherwise than by will or the laws of descent and distribution, and an Option or Right may be exercised, during the Optionee's lifetime, only by the Optionee or, in the event of the Optionee's legal disability, by the Optionee's legal representative. A Related Right is transferable only when its Related Right or Related Option is transferable and only with its Related Right or Related Option and under the same conditions.

10. Capital Adjustments

The number, class and Fair Market Value of shares subject to each outstanding Option or Right, the Option Price and the aggregate number and class of shares for which grants thereafter may be made shall be subject to such adjustment, if any, as the Committee in its sole discretion deems appropriate to reflect such events as stock dividends, stock splits, recapitalizations, mergers, consolidations or reorganizations of or by the Company.

11. Termination or Amendment

The Board shall have the power to terminate the Plan and to amend it in any respect, provided that after the Plan has been approved by the stockholders of the Company, the Board may not amend the Plan, without the approval of the stockholders of the Company, if such amendment would be required to be approved by the stockholders of the Company under the laws of the State of New York, in order for the Plan to continue to satisfy the conditions of Rule 16b-3, in order for Incentive Stock Options to qualify as such under section 422 of the Code, or under the rules of any securities exchange on which shares of Common Stock are listed. No termination or amendment of the Plan shall affect adversely the rights or obligations of the holder of any Option or Right granted under the Plan without the holder's consent.

12. Modification, Extension and Renewal of Options and Rights

Subject to the terms and conditions and within the limitations of the Plan, the Committee may modify, extend or renew outstanding Options and Rights granted under the Plan; or may accept the surrender of outstanding Options and Rights (to the extent not exercised theretofore) granted under the Plan, or outstanding options and rights (to the extent not exercised theretofore) granted under any other stock option, stock purchase, stock appreciation rights, or other stock-related plan of the Company or of a company which has been merged or consolidated with the Company or a Subsidiary or which has become a Subsidiary through the acquisition by the Company or by a Subsidiary of stock or assets of the company, and authorize the granting of new Options and Rights pursuant to the Plan in substitution therefore (to the extent not exercised theretofore), and the substituted Options and Rights may specify terms different than the surrendered options and rights or have any other provisions which are authorized by the Plan; or may assume options and rights granted by such other company, and such options and rights shall not reduce the number of shares of Common Stock available for the grant of Options and Rights under this Plan, except to the extent that such options and rights are granted under this Plan pursuant to a provision of a plan or agreement of merger of such other company with the Company, and to the extent that such options and rights, if granted under this Plan, would reduce the number of shares of Common Stock available pursuant to the provisions of Article 5. The Company may grant options and rights otherwise than under the provisions of this Plan and may adopt other stock option plans or stock purchase, stock appreciation rights, or other stock-related plans, and such options and rights and the options, rights, and stock granted or issued under such plans shall not reduce the number of shares of Common Stock available for the grant of Options and Rights under this Plan. Neither the adoption or amendment of this Plan nor the submission of the Plan or amendments for stockholder approval shall be deemed to impose any limitation on the powers of the Company to grant or assume options or rights otherwise than under this Plan or to adopt other stock option plans or stock purchase, stock appreciation rights, or other stock-related plans, nor shall they be deemed to impose any requirement of stockholder approval upon the same. Notwithstanding the foregoing, however, no modification of an Option or Right granted under the Plan shall alter or impair the rights or obligations of the holder of such Option or Right without the consent of the holder.

13. Effectiveness of the Plan

The Plan and any amendments which require stockholder approval pursuant to Article 11 are subject to approval by vote of the stockholders of the Company within twelve months after their adoption by the Board. Subject to such approval, the Plan and any amendments are effective on the date on which they are adopted by the Board. Options and Rights may be granted prior to stockholder approval of the Plan or amendments, but each such Option or Right granted shall be subject to the approval, if required, of the Plan or amendments by the stockholders. Except as otherwise required to satisfy the requirements of Rule 16b-3, the day on which any Option or Right granted prior to required stockholder approval of the Plan or amendments is granted shall be the Date of Grant for all purposes as if the Option or Right had not been subject to such approval. No Option or Right granted may be exercised prior to such required stockholder approval.

14. Term of the Plan

Unless sooner terminated by the Board pursuant to Article 11, the Plan shall terminate ten years from the date on which the Board approves the most recent amendment to the Plan that changes either the aggregate number of shares of Common Stock that may be issued under the Plan or the class of persons eligible to receive Options or Rights under the Plan, and which amendment subsequently is approved by the stockholders of the Company. No Options or Rights may be granted after termination. Termination of the Plan shall not affect the validity of any Option or Right outstanding on the date of termination.

15. Indemnification of Committee

In addition to such other rights of indemnification as they may have as Directors or as members of the Committee, the members of the Committee shall be indemnified by the Company against the reasonable expenses, including attorneys' fees, actually and reasonably incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Option or Right granted hereunder, and against all amounts reasonably paid by them in settlement thereof or paid by them in satisfaction of a judgment in any such action, suit or proceeding, if such members acted in good faith and in a manner which they believed to be in, and not opposed to, the best interests of the Company.

16. General Provisions

(a) The establishment of the Plan shall not confer upon any Employee or Key Employee any legal or equitable right against the Company, any Subsidiary or the Committee except as expressly provided in the Plan.

(b) The Plan does not constitute inducement or consideration for the employment of any Employee, nor is it a contract between the Company or any Subsidiary and any Employee or Key Employee. Participation in the Plan shall not give any Employee or Key Employee any right to be retained in the service or employ of the Company or any Subsidiary. The Company and its Subsidiaries retain the right to hire and discharge any Employee at any time, with or without cause, as if the Plan never had been adopted.

(c) The interests of any Optionee under the Plan are not subject to the claims of creditors and may not be assigned, alienated or encumbered in any way.

(d) The Plan shall be governed, construed and administered in accordance with the laws of the State of New York and the intention of the Company that Incentive Stock Options granted under the Plan qualify as such under section 422 of the Code.

3-MOS
DEC-31-1999
MAR-31-1999
403,333
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