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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 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 of incorporation)	(I.R.S. Employer Identification No.)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $5 par value	New York Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:

8.234% Capital Securities of M&T Capital Trust I
(and the Guarantee of M&T Bank Corporation with respect thereto)
(Title of class)
8.234% Junior Subordinated Debentures of
M&T Bank Corporation
(Title of class)
8.277% Capital Securities of M&T Capital Trust II
(and the Guarantee of M&T Bank Corporation with respect thereto)
(Title of class)
8.277% Junior Subordinated Debentures of
M&T Bank Corporation
(Title of class)

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, and (2) has been subject to such filing requirements for the past 90 days. Yes X No
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Aggregate market value of the Common Stock, $5 par value, held by non-affiliates of the registrant, computed by reference to the closing price as of the close of business on February 18, 2000: $2,279,047,672.

Number of shares of the Common Stock, $5 par value, outstanding as of the close of business on February 18, 2000: 7,687,175 shares.

Documents Incorporated By Reference:

(1) Portions of the Proxy Statement for the 2000 Annual Meeting of Stockholders of M&T Bank Corporation in Part III.

M&T BANK CORPORATION

FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 1999

CROSS-REFERENCE SHEET--CONTINUED

CROSS-REFERENCE SHEET--CONTINUED

PART I

Item 1. BUSINESS.

M&T Bank Corporation ("Registrant" or "M&T") is a New York business corporation which is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended ("BHCA") and under Article III-A of the New York Banking Law ("Banking Law"). The principal executive offices of the Registrant are located at One M&T Plaza, Buffalo, New York 14203. The Registrant was incorporated in November 1969. The Registrant and its direct and indirect subsidiaries are collectively referred to herein as the "Company". As of December 31, 1999 the Company had consolidated total assets of $22.4 billion, deposits of $15.4 billion and stockholders' equity of $1.8 billion. The Company had 5,604 full-time and 965 part-time employees as of December 31, 1999.

At December 31, 1999, the Registrant had two wholly owned bank subsidiaries: Manufacturers and Traders Trust Company ("M&T Bank") and M&T Bank, National Association ("M&T Bank, N.A."). The banks collectively offer a wide range of commercial banking, trust and investment services to their customers. At December 31, 1999, M&T Bank represented 96% of consolidated assets of the Company.

On June 1, 1999, M&T completed the acquisition of FNB Rochester Corp. ("FNB"), a bank holding company headquartered in Rochester, New York. Immediately after the acquisition, FNB's banking subsidiary, First National Bank of Rochester, which had 17 banking offices in western and central New York State, was merged with and into M&T Bank. The acquisition was accounted for using the purchase method of accounting and, accordingly, the operations of FNB have been included in the financial results of the Company since the acquisition date. FNB's stockholders received $76 million in cash and 122,516 shares of M&T common stock in exchange for FNB shares outstanding at the time of acquisition. Assets acquired totaled approximately $676 million and included loans and leases of $393 million and investment securities of $148 million. Liabilities assumed on June 1 were approximately $541 million and included $511 million of deposits.

On September 24, 1999, M&T Bank completed the acquisition of 29 upstate New York branch offices from The Chase Manhattan Bank ("Chase"). The branch offices had approximately $634 million of deposits and approximately $44 million of retail installment and commercial loans at the closing. In addition, on September 30, 1999 M&T Bank received investment management and custody accounts having assets of approximately $286 million. Chase also agreed to transfer up to approximately $195 million of other trust and fiduciary account assets to M&T Bank following the receipt of required court approvals. Subject to the receipt of court approval, it is expected that this portion of the transaction will be completed during the first quarter of 2000.

In connection with the transactions described in the two preceding paragraphs, the Company recorded approximately $153 million of goodwill and core deposit intangible. Nonrecurring expenses related to systems conversions and other costs of integrating and conforming the acquired operations with and into the operations of M&T Bank totaled $4.7 million ($3.0 million after-tax) during the year ended December 31, 1999.

The Company from time to time considers acquiring banks, thrift institutions, branch offices or other businesses within markets currently served or in other nearby markets. The Company has pursued acquisition opportunities in the past, continues to review different opportunities, including the possibility of major acquisitions, and intends to continue this practice.

SUBSIDIARIES

Olympia Financial Corp. ("Olympia"), a wholly owned subsidiary of M&T, is a Delaware corporation that holds the stock of M&T Bank and is registered as a bank holding company under the Bank Holding Company Act. Its registered office is located at 1209 Orange Street, Wilmington, Delaware 19801.

M&T Bank is a banking corporation which is incorporated under the laws of the State of New York. M&T Bank is a member of the Federal Reserve System and the Federal Home Loan Bank System, and its deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits. M&T acquired all of the issued and outstanding shares of the capital stock of M&T Bank in December 1969. Olympia acquired all of the issued and outstanding shares of the capital stock of M&T Bank in connection with M&T's April 1, 1998 acquisition of ONBANCorp, Inc. ("ONBANCorp"). The stock of Olympia and M&T Bank represents a major asset of M&T. M&T Bank operates under a charter granted by the State of New York in 1892, and the continuity of its banking business is traced to the organization of the Manufacturers and Traders Bank in 1856. The principal executive offices of M&T Bank are located at One M&T Plaza, Buffalo, New York 14203. As of December 31, 1999, M&T Bank had 261 banking offices located throughout New York State, 19 offices in northeastern Pennsylvania, plus a branch in Nassau, The Bahamas. As of December 31, 1999, M&T Bank had consolidated total assets of $21.6 billion, deposits of $14.7 billion and stockholder's equity of $2.1 billion. The deposit liabilities of M&T Bank are insured by the FDIC through either its Bank Insurance Fund ("BIF") or its Savings Association Insurance Fund ("SAIF"). Of M&T Bank's $14.7 billion in assessable deposits at December 31, 1999, 85% were assessed as BIF-insured and the remainder as SAIF-insured deposits. As a commercial bank, M&T Bank offers a broad range of financial services to a diverse base of consumers, businesses, professional clients, governmental entities and financial institutions located in its markets. Lending is largely focused on consumers residing in New York State and northeastern Pennsylvania, and on small and medium-size businesses based in those areas. In addition, the Company conducts lending activities in other states through various subsidiaries. M&T Bank and certain of its subsidiaries also offer commercial mortgage loans secured by income producing properties or properties used by borrowers in a trade or business. Other financial services are also provided through operating subsidiaries.

M&T Bank, N.A., a national banking association and a member of the Federal Reserve System and the FDIC, commenced operations on October 2, 1995. The deposit liabilities of M&T Bank, N.A. are insured by the FDIC through the BIF. The main office of M&T Bank, N.A. is located at 48 Main Street, Oakfield, New York 14125. M&T Bank, N.A. offers selected deposit and loan products on a nationwide basis, primarily through direct mail and telephone marketing techniques. M&T Bank, N.A. is also a licensed insurance agency, and offers insurance products primarily through the banking offices of M&T Bank. As of December 31, 1999, M&T Bank, N.A. had total assets of $852 million, deposits of $693 million and stockholder's equity of $50 million.

M&T Credit Corporation ("M&T Credit"), a wholly owned subsidiary of M&T Bank, was incorporated as a New York business corporation in April 1994. M&T Credit is a credit and leasing company offering consumer loans and commercial loans and leases. Its headquarters are located at M&T Center, One Fountain Plaza, Buffalo, New York 14203, with offices in Massachusetts and Pennsylvania. As of December 31, 1999, M&T Credit had assets of $699 million and stockholder's equity of $25 million. M&T Credit recorded $42 million of revenue during 1999.

M&T Financial Corporation ("M&T Financial"), a New York business corporation, is a wholly owned subsidiary of M&T Bank which specializes in capital-equipment leasing. M&T Financial was formed in October 1985, had assets of $79 million and stockholder's equity of $19 million as of December 31, 1999, and recorded approximately $4 million of revenue in 1999. The headquarters

of M&T Financial are located at One M&T Plaza, Buffalo, New York 14203.

M&T Investment Company, Inc. ("M&T Investment Company"), a wholly owned subsidiary of M&T Bank, was incorporated as a New Jersey business corporation in December 1999. Operated as a New Jersey Investment Company, M&T Investment Company owns all of the outstanding common stock and 87.5% of the preferred stock of M&T Real Estate, Inc. As of December 31, 1999, M&T Investment Company had assets of approximately $6.1 billion and stockholder's equity of approximately $6.0 billion. Excluding dividends from M&T Real Estate, Inc., M&T Investment Company recorded $534 thousand of revenue in 1999. The headquarters of M&T Investment Company are located at One Maynard Drive, Park Ridge, New Jersey 07656.

M&T Mortgage Corporation ("M&T Mortgage"), the wholly owned mortgage banking subsidiary of M&T Bank, was incorporated as a New York business corporation in November 1991. M&T Mortgage's principal activities are comprised of the origination of residential mortgage loans and providing residential mortgage loan servicing to M&T Bank, M&T Bank, N.A. and others. M&T Mortgage operates throughout New York State, and also maintains branch offices in Arizona, Colorado, Idaho, Massachusetts, Ohio, Oregon, Pennsylvania, Utah and Washington. M&T Mortgage had assets of $519 million and stockholder's equity of $144 million as of December 31, 1999, and recorded approximately $122 million of revenue during 1999. Residential mortgage loans serviced by M&T Mortgage for non-affiliates totaled $7.2 billion at December 31, 1999. The headquarters of M&T Mortgage are located at M&T Center, One Fountain Plaza, Buffalo, New York 14203.

M&T Mortgage Reinsurance Company, Inc. ("M&T Reinsurance"), a wholly owned subsidiary of M&T Bank, was incorporated as a Vermont business corporation in July 1999. M&T Reinsurance enters into reinsurance contracts with insurance companies who insure mortgage lenders against the risk of a mortgage borrower's payment default. M&T Reinsurance receives a share of the premium for those policies in exchange for accepting a portion of the insurer's risk of borrower default. M&T Reinsurance had assets of approximately $720 thousand and stockholder's equity of approximately $673 thousand as of December 31, 1999, and recorded approximately $178 thousand of revenue during 1999. M&T Reinsurance's principal and registered office is at 148 College Street, Burlington, Vermont 05401.

M&T Real Estate, Inc.("M&T Real Estate"), a subsidiary of M&T Investment Company, was incorporated as a New York business corporation in August 1995. All of the outstanding common stock and 87.5% of the preferred stock of M&T Real Estate is owned by M&T Investment Company. The remaining 12.5% of M&T Real Estate's preferred stock is owned by officers or former officers of the Company. M&T Real Estate engages in commercial real estate lending and provides loan servicing to M&T Bank and others. As of December 31, 1999, M&T Real Estate had assets of $5.8 billion and stockholders' equity of $5.7 billion. M&T Real Estate recorded $441 million of revenue in 1999. Commercial mortgage loans serviced for non-affiliates totaled $21 million at December 31, 1999. The headquarters of M&T Real Estate are located at M&T Center, One Fountain Plaza, Buffalo, New York 14203.

M&T Securities, Inc. ("M&T Securities") is a wholly owned subsidiary of M&T Bank that was incorporated as a New York business corporation in November 1985. M&T Securities is registered as a broker/dealer under the Securities Exchange Act of 1934, as amended, as an investment advisor under the Investment Advisors Act of 1940, as amended, and is licensed as an insurance agent. It provides securities brokerage, investment advisory, and insurance services. As of December 31, 1999, M&T Securities had assets of $13 million and stockholder's equity of $6 million. M&T Securities recorded $30 million of revenue during 1999. The headquarters of M&T Securities are located at One M&T Plaza, Buffalo, New York 14203.

Highland Lease Corporation ("Highland Lease"), a wholly owned subsidiary of M&T Bank, was incorporated as a New York business corporation in October 1994. Highland Lease is a consumer leasing company with headquarters at One M&T Plaza, Buffalo, New York 14203. As of December 31, 1999, Highland Lease had assets of $395 million and stockholder's equity of $37 million. Highland Lease recorded $25 million of revenue during 1999.

In December 1999, the names of First Empire Capital Trust I, First Empire Capital Trust II, and OnBank Capital Trust I were changed to M&T Capital Trust I, M&T Capital Trust II, and M&T Capital Trust III, respectively. During 1997, the Company formed two Delaware business trusts and ONBANCorp formed one Delaware business trust to issue preferred capital securities ("Capital Securities"). M&T Capital Trust I ("Trust I") issued $150 million of 8.234% Capital Securities on January 17, 1997, and M&T Capital Trust II ("Trust II") issued $100 million of 8.277% Capital Securities on May 30, 1997. On February 4, 1997, M&T Capital Trust III ("Trust III" and, together with Trust I and Trust II, the "Trusts") issued $60 million of 9.25% preferred capital securities. The common securities ("Common Securities") of Trust I and Trust II are wholly owned by M&T and the common securities of Trust III are wholly owned by Olympia. The Common Securities of each Trust 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 M&T's Tier 1 capital. The proceeds from the issuances of the Capital Securities and the Common Securities were used by the Trusts to purchase junior subordinated deferrable interest debentures issued by M&T in the case of Trust I and Trust II and Olympia in the case of Trust III. 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. As of December 31, 1999, Trust I had assets of $160 million and stockholders' equity of $155 million, and during 1999 Trust I recorded $13 million of revenue. Trust II had assets of $104 million and stockholders' equity of $103 million at December 31, 1999, and during 1999 Trust II recorded $9 million of revenue. Trust III had assets of $73 million and stockholders' equity of $62 million at December 31, 1999, and during 1999 Trust III recorded $5 million of revenue.

The Registrant and its banking subsidiaries have a number of other special-purpose or inactive subsidiaries. These other subsidiaries represented, individually and collectively, an insignificant portion of the Company's consolidated assets, net income and stockholders' equity at December 31, 1999.

SEGMENT INFORMATION, PRINCIPAL PRODUCTS/SERVICES AND FOREIGN OPERATIONS

Information about the Registrant's business segments is included in note 19 of Notes to Financial Statements filed herewith in Part II, Item 8, "Financial Statements and Supplementary Data" and is further discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company's international activities are discussed in note 15 of Notes to Financial Statements filed herewith in Part II, Item 8, "Financial Statements and Supplementary Data".

The Registrant'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 and services are similar. The reportable segments are Commercial Banking,

Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking and Retail Banking.

The only activities that, as a class, contributed 10% or more of the sum of consolidated interest income and other income in each of the last three years were lending and investment securities transactions. The amount of income from such sources during those years is set forth on the Company's Consolidated Statement of Income filed herewith in Part II, Item 8, "Financial Statements and Supplementary Data".

SUPERVISION AND REGULATION OF THE COMPANY

The banking industry is subject to extensive state and federal regulation and continues to undergo significant change. The following discussion summarizes certain aspects of the banking laws and regulations that affect the Company. Proposals to change the laws and regulations governing the banking industry are frequently raised in Congress, in state legislatures, and before the various bank regulatory agencies. The likelihood and timing of any changes and the impact such changes might have on the Company are impossible to determine with any certainty. A change in applicable laws or regulations, or a change in the way such laws or regulations are interpreted by regulatory agencies or courts, may have a material impact on the business, operations and earnings of the Company. To the extent that the following information describes statutory or regulatory provisions, it is qualified entirely by reference to the particular statutory or regulatory provision.

FINANCIAL SERVICES MODERNIZATION

The Gramm-Leach-Bliley Act ("Gramm-Leach") was signed into law on November 12, 1999 and enables combinations among banks, securities firms and insurance companies beginning March 11, 2000 by repealing depression-era laws which restricted such affiliations. Under Gramm-Leach, bank holding companies are permitted to offer their customers virtually any type of financial service that is financial in nature or incidental thereto, including banking, securities underwriting, insurance (both underwriting and agency), and merchant banking.

In order to engage in these new financial activities, a bank holding company must qualify and register with the Board of Governors of the Federal Reserve System ("Federal Reserve Board") as a "financial holding company" by demonstrating that each of its bank subsidiaries is "well capitalized," "well managed," and has at least a "satisfactory" rating under the Community Reinvestment Act of 1977 ("CRA").

These new financial activities authorized by Gramm-Leach may also be engaged in by a "financial subsidiary" of a national or state bank, except for insurance or annuity underwriting, insurance company portfolio investments, real estate investment and development, and merchant banking, which must be conducted in a financial holding company. In order for the new financial activities to be engaged in by a financial subsidiary of a national or state bank, Gramm-Leach requires each of the parent bank (and its sister-bank affiliates) to be well capitalized and well managed; the aggregate consolidated assets of all of that bank's financial subsidiaries may not exceed the lesser of 45% of its consolidated total assets or $50 billion; the bank must have at least a satisfactory CRA rating; and, if that bank is one of the 100 largest national banks, it must meet certain financial rating or other comparable requirements.

Gramm-Leach establishes a system of functional regulation, under which the federal banking agencies will regulate the banking activities of financial holding companies and banks' financial subsidiaries, the U.S. Securities and Exchange Commission will regulate their securities activities and state insurance regulators will regulate their insurance activities. Gramm-Leach also provides new protections against the transfer and use by financial institutions of consumers' nonpublic, personal information.

The foregoing discussion is qualified in its entirety by reference to the

statutory provisions of Gramm-Leach and the implementing regulations which are adopted by various government agencies pursuant to Gramm-Leach.

BANK HOLDING COMPANY REGULATION

As a registered bank holding company, the Registrant and its nonbank subsidiaries are subject to supervision and regulation under the BHCA by the Federal Reserve Board and the New York State Banking Superintendent ("Banking Superintendent"). The Federal Reserve Board requires regular reports from the Registrant and is authorized by the BHCA to make regular examinations of the Registrant and its subsidiaries.

Although it meets the qualifications for electing to become a financial holding company, the Registrant has elected to retain its pre-Gramm-Leach status for the present time under the BHCA. The Registrant may not acquire direct or indirect ownership or control of more than 5% of the voting shares of any company, including a bank, without the prior approval of the Federal Reserve Board, except as specifically authorized under the BHCA. The Registrant is also subject to regulation under the Banking Law with respect to certain acquisitions of domestic banks. Under the BHCA, the Registrant, subject to the approval of the Federal Reserve Board, may acquire shares of non-banking corporations the activities of which are deemed by the Federal Reserve Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

The Federal Reserve Board has enforcement powers over bank holding companies and their non-banking subsidiaries, among other things, to interdict activities that represent unsafe or unsound practices or constitute violations of law, rule, regulation, administrative orders or written agreements with a federal bank regulator. These powers may be exercised through the issuance of cease-and-desist orders, civil money penalties or other actions.

Under the Federal Reserve Board's statement of policy with respect to bank holding company operations, a bank holding company is required to serve as a source of financial strength to its subsidiary depository institutions and to commit all available resources to support such institutions in circumstances where it might not do so absent such policy. Although this "source of strength" policy has been challenged in litigation, the Federal Reserve Board continues to take the position that it has authority to enforce it. For a discussion of circumstances under which a bank holding company may be required to guarantee the capital levels or performance of its subsidiary banks, SEE CAPITAL ADEQUACY, below. The Federal Reserve also has the authority to terminate any activity of a bank holding company that constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution or to terminate its control of any bank or nonbank subsidiaries.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, as amended (the "Interstate Banking Act") generally permits bank holding companies to acquire banks in any state, and preempts all state laws restricting the ownership by a bank holding company of banks in more than one state. The Interstate Banking Act also permits a bank to merge with an out-of-state bank and convert any offices into branches of the resulting bank if both states have not opted out of interstate branching; permits a bank to acquire branches from an out-of-state bank if the law of the state where the branches are located permits the interstate branch acquisition; and permits banks to establish and operate DE NOVO interstate branches whenever the host state opts-in to DE NOVO branching. Bank holding companies and banks seeking to engage in transactions authorized by the Interstate Banking Act must be adequately capitalized and managed.

The Banking Law authorizes interstate branching by merger or acquisition on a reciprocal basis, and permits the acquisition of a single branch without

restriction, but does not provide for DE NOVO interstate branching.

Bank holding companies and their subsidiary banks are also subject to the provisions of the CRA. Under the terms of the CRA, the Federal Reserve Board (or other appropriate bank regulatory agency) is required, in connection with its examination of a bank, to assess such bank's record in meeting the credit needs of the communities served by that bank, including low- and moderate-income neighborhoods. Furthermore, such assessment is also required of any bank that has applied, among other things, to merge or consolidate with or acquire the assets or assume the liabilities of a federally-regulated financial institution, or to open or relocate a branch office. In the case of a bank holding company applying for approval to acquire a bank or bank holding company, the Federal Reserve Board will assess the record of each subsidiary bank of the applicant bank holding company in considering the application. The Banking Law contains provisions similar to the CRA which are applicable to New York-chartered banks.

SUPERVISION AND REGULATION OF BANK SUBSIDIARIES

The Registrant's banking subsidiaries are subject to supervision and regulation, and are examined regularly, by various bank regulatory agencies: M&T Bank by the Federal Reserve Board and the Banking Superintendent; and M&T Bank, N.A. by the Comptroller of the Currency (the "OCC"). The Registrant and its direct non-banking subsidiaries are affiliates, within the meaning of the Federal Reserve Act, of the Registrant's subsidiary banks and their subsidiaries. As a result, the Registrant's subsidiary banks and their subsidiaries are subject to restrictions on loans or extensions of credit to, purchases of assets from, investments in, and transactions with the Registrant and its direct non-banking subsidiaries and on certain other transactions with them or involving their securities. Gramm-Leach places similar restrictions on the Registrant's subsidiary banks making loans or extending credit to, purchasing assets from, investing in, or entering into transactions with, their financial subsidiaries, although the Registrant's subsidiary banks have not yet commenced any activities through financial subsidiaries.

Under the "cross-guarantee" provisions of the FDI Act, insured depository institutions under common control are required to reimburse the FDIC for any loss suffered by either the BIF or SAIF of the FDIC as a result of the default of a commonly controlled insured depository institution or for any assistance provided by the FDIC to a commonly controlled insured depository institution in danger of default. Thus, any insured depository institution subsidiary of M&T could incur liability to the FDIC in the event of a default of another insured depository institution owned or controlled by M&T. The FDIC's claim under the cross-guarantee provisions is superior to claims of stockholders of the insured depository institution or its holding company and to most claims arising out of obligations or liabilities owed to affiliates of the institution, but is subordinate to claims of depositors, secured creditors and holders of subordinated debt (other than affiliates) of the commonly controlled insured depository institution. The FDIC may decline to enforce the cross-guarantee provisions if it determines that a waiver is in the best interest of the BIF or SAIF or both.

DIVIDENDS FROM BANK SUBSIDIARIES

M&T Bank and M&T Bank, N.A. are subject, under one or more of the banking laws, to restrictions on the amount and frequency (no more often than quarterly) of dividend declarations. Future dividend payments to the Registrant by its subsidiary banks will be dependent on a number of factors, including the earnings and financial condition of each such bank, and are subject to the limitations referred to in note 20 of Notes to Financial Statements filed herewith in Part II, Item 8, "Financial Statements and Supplementary Data," and to other statutory powers of bank regulatory agencies.

An insured depository institution is prohibited from making any capital distribution to its owner, including any dividend, if, after making such distribution, the depository institution fails to meet the required minimum level for any relevant capital measure, including the risk-based capital adequacy and leverage standards discussed below.

CAPITAL ADEQUACY

The Federal Reserve Board, the FDIC and the OCC have adopted risk-based capital adequacy guidelines for bank holding companies and banks under their supervision. Under these guidelines, the so-called "Tier 1 capital" and "Total capital" as a percentage of risk-weighted assets and certain off-balance sheet instruments must be at least 4% and 8%, respectively.

The Federal Reserve Board, the FDIC and the OCC have also imposed a leverage standard to supplement their risk-based ratios. This leverage standard focuses on a banking institution's ratio of Tier 1 capital to average total assets, adjusted for goodwill and certain other items. Under these guidelines, banking institutions that meet certain criteria, including excellent asset quality, high liquidity, low interest rate exposure and good earnings, and that have received the highest regulatory rating must maintain a ratio of Tier 1 capital to total adjusted average assets of at least 3%. Institutions not meeting these criteria, as well as institutions with supervisory, financial or operational weaknesses, along with those experiencing or anticipating significant growth are expected to maintain a Tier 1 capital to total adjusted average assets ratio equal to at least 4% to 5%.

As reflected in the following table, the risk-based capital ratios and leverage ratios of the Registrant, M&T Bank and M&T Bank, N.A. as of December 31, 1999 exceeded the required capital ratios for classification as "well capitalized," the highest classification under the regulatory capital guidelines.

Capital Components and Ratios at December 31, 1999
(dollars in millions)

	Registrant (Consolidated)	M&T Bank	M&T Bank, N.A.
Capital Components			
Tier 1 capital	$ 1,490	$ 1,436	$ 50
Total capital	1,846	1,787	55
Risk-weighted assets and off-balance sheet instruments	$ 18,008	$ 17,534	$ 468
Risk-based Capital Ratio			
Tier 1 capital	8.27%	8.19%	10.74%
Total capital	10.25%	10.19%	11.76%
Leverage Ratio	6.92%	6.92%	6.18%

The federal banking agencies, including the Federal Reserve Board and the OCC, maintain risk-based capital standards in order to ensure that those standards take adequate account of interest rate risk, concentration of credit risk and the risk of nontraditional activities, as well as reflect the actual performance and expected risk of loss on certain multifamily housing loans. Bank regulators periodically propose amendments to the risk-based capital guidelines and related regulatory framework. While the Company's management studies such proposals, the timing of adoption, ultimate form and effect of any such proposed amendments on the Company's capital requirements and operations cannot be predicted.

The federal banking agencies are required to take "prompt corrective action" in respect of depository institutions and their bank holding companies that do not meet minimum capital requirements. FDICIA established five capital tiers: "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized" and "critically undercapitalized". A depository institution's capital tier, or that of its bank holding company, depends upon where its capital levels are in relation to various relevant capital measures, including a risk-based capital measure and a leverage ratio capital measure, and certain other factors.

Under the implementing regulations adopted by the federal banking agencies, a bank holding company or bank is considered "well capitalized" if it has (i) a total risk-based capital ratio of 10% or greater, (ii) a Tier 1 risk-based capital ratio of 6% or greater, (iii) a leverage ratio of 5% or greater and (iv) is not subject to any order or written directive to meet and maintain a specific capital level for any capital measure. An "adequately capitalized" bank holding company or bank is defined as one that has (i) a total risk-based capital ratio of 8% or greater, (ii) a Tier 1 risk-based capital ratio of 4% or greater and (iii) a leverage ratio of 4% or greater (or 3% or greater in the case of a bank with a composite CAMELS rating of 1). A bank holding company or bank is considered (A) "undercapitalized" if it has (i) a total risk-based capital ratio of less than 8%, (ii) a Tier 1 risk-based capital ratio of less than 4% or (iii) a leverage ratio of less than 4% (or 3% in the case of a bank with a composite CAMELS rating of 1); (B) "significantly undercapitalized" if the bank has (i) a total risk-based capital ratio of less than 6%, or (ii) a Tier 1 risk-based capital ratio of less than 3% or (iii) a leverage ratio of less than 3% and (C)"critically undercapitalized" if the bank has a ratio of tangible equity to total assets equal to or less than 2%. The Federal Reserve Board may reclassify a "well capitalized" bank holding company or bank as "adequately capitalized" or subject an "adequately capitalized" or "undercapitalized" institution to the supervisory actions applicable to the next lower capital category if it determines that the bank holding company or bank is in an unsafe or unsound condition or deems the bank holding company or bank to be engaged in an unsafe or unsound practice and not to have corrected the deficiency. M&T, Olympia, M&T Bank and M&T Bank, N.A. currently meet the definition of "well capitalized" institutions.

"Undercapitalized" depository institutions, among other things, are subject to growth limitations, are prohibited, with certain exceptions, from making capital distributions, are limited in their ability to obtain funding from a Federal Reserve Bank and are required to submit a capital restoration plan. The federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. In addition, for a capital restoration plan to be acceptable, the depository institution's parent holding company must guarantee that the institution will comply with such capital restoration plan and provide appropriate assurances of performance. If a depository institution fails to submit an acceptable plan, including if the holding company refuses or is unable to make the guarantee described in the previous sentence, it is treated as if it is "significantly undercapitalized". Failure to submit or implement an acceptable capital plan also is grounds for the appointment of a conservator or a receiver. "Significantly undercapitalized" depository institutions may be subject to a number of additional requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. Moreover, the parent holding company of a significantly undercapitalized depository institution may be ordered to divest itself of the institution or of nonbank subsidiaries of the holding company. "Critically undercapitalized" institutions, among other things, are prohibited from making any payments of principal and interest on subordinated debt, and are subject to the appointment of a receiver or conservator.

Each federal banking agency prescribes standards for depository institutions and depository institution holding companies relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, a maximum ratio of classified assets to capital, minimum earnings sufficient to absorb losses, a minimum ratio of market value to book value for publicly traded shares and other standards as they deem appropriate. The Federal Reserve Board and OCC have adopted such standards.

Depository institutions that are not "well capitalized" or "adequately capitalized" and have not received a waiver from the FDIC are prohibited from accepting or renewing brokered deposits. As of December 31, 1999, M&T Bank and M&T Bank, N.A. had approximately $998 million and $4 million in brokered deposits, respectively.

Although M&T has issued shares of common stock in connection with acquisitions or at other times, the Company has generally maintained capital ratios in excess of minimum regulatory guidelines largely through internal capital generation (i.e. net income less dividends paid). Historically, M&T's dividend payout ratio and dividend yield, when compared with other bank holding companies, has been relatively low, thereby allowing for capital retention to support growth or to facilitate purchases of M&T's common stock to be held as treasury stock. Management's policy of reinvestment of earnings and repurchase of shares of common stock is intended to enhance M&T's earnings per share prospects and thereby reward stockholders over time with capital gains in the form of increased stock price rather than high dividend income.

FDIC DEPOSIT INSURANCE ASSESSMENTS

As institutions with deposits insured by the BIF and the SAIF, M&T Bank and M&T Bank, N.A. are subject to FDIC deposit insurance assessments. Under current law the regular insurance assessments to be paid by BIF-insured and SAIF-insured institutions are specified in schedules issued by the FDIC that specify, at semiannual intervals, target reserve ratios designed to maintain the reserve ratios of each of those insurance funds at 1.25% of their estimated insured deposits. The FDIC is also authorized to impose one or more special assessments.

The FDIC has implemented a risk-based deposit premium assessment system under which each depository institution is placed in one of nine assessment categories based on the institution's capital classification under the prompt corrective action provisions described above, and whether such institution is considered by its supervisory agency to be financially sound or to have supervisory concerns. The adjusted assessment rates for both BIF-insured and SAIF-insured institutions under the current system range from .00% to .27% depending upon the assessment category into which the insured institution is placed. Neither of the Company's banking subsidiaries paid regular insurance assessments to the FDIC in 1999. However, the FDIC retains the ability to increase regular BIF and SAIF assessments and to levy special additional assessments.

In addition to deposit insurance fund assessments, beginning in 1997 the FDIC assessed BIF-assessable and SAIF-assessable deposits to fund the repayment of debt obligations of the Financing Corporation ("FICO"). FICO is a government agency-sponsored entity that was formed to borrow the money necessary to carry out the closing and ultimate disposition of failed thrift institutions by the Resolution Trust Corporation. The current annualized rates established by the FDIC for both BIF-assessable and SAIF-assessable deposits are 2.12 basis points (hundredths of one percent).

Any significant increases in assessment rates or additional special assessments by the FDIC could have an adverse impact on the results of operations and capital of M&T Bank or M&T Bank, N.A.

GOVERNMENTAL POLICIES

The earnings of the Company are significantly affected by the monetary and fiscal policies of governmental authorities, including the Federal Reserve Board. Among the instruments of monetary policy used by the Federal Reserve Board to implement these objectives are open-market operations in U.S. Government securities and Federal funds, changes in the discount rate on member bank borrowings and changes in reserve requirements against member bank deposits. These instruments of monetary policy are used in varying combinations to influence the overall level of bank loans, investments and deposits, and the interest rates charged on loans and paid for deposits. The Federal Reserve Board frequently uses these instruments of monetary policy, especially its open-market operations and the discount rate, to influence the level of interest rates and to affect the strength of the economy, the level of inflation or the price of the dollar in foreign exchange markets. The monetary policies of the Federal Reserve Board have had a significant effect on the operating results of banking institutions in the past and are expected to continue to do so in the future. It is not possible to predict the nature of future changes in monetary and fiscal policies, or the effect which they may have on the Company's business and earnings.

COMPETITION

The Company competes in offering commercial and personal financial services with other banking institutions and with firms in a number of other industries, such as thrift institutions, credit unions, personal loan companies, sales finance companies, leasing companies, securities firms and insurance companies. Furthermore, diversified financial services companies are able to offer a combination of these services to their customers on a nationwide basis. The Company's operations are significantly impacted by state and federal regulations applicable to the banking industry. Moreover, the provisions of Gramm-Leach may increase competition among diversified financial services providers, and the Interstate Banking Act and the Banking Law may further ease entry into New York State by out-of-state banking institutions. As a result, the number of financial services providers and banking institutions with which the Company competes may grow in the future.

OTHER LEGISLATIVE INITIATIVES

Proposals may be introduced in the United States Congress and in the New York State Legislature and before various bank regulatory authorities which would alter the powers of, and restrictions on, different types of banking organizations and which would restructure part or all of the existing regulatory framework for banks, bank holding companies and other providers of financial services. Moreover, other bills may be introduced in Congress which would further regulate, deregulate or restructure the financial services industry. It is not possible to predict whether these or any other proposals will be enacted into law or, even if enacted, the effect which they may have on the Company's business and earnings.

STATISTICAL DISCLOSURE PURSUANT TO GUIDE 3

SEE cross-reference sheet for disclosures incorporated elsewhere in this Annual Report on Form 10-K. Additional information is included in the following tables.

M&T BANK CORPORATION AND SUBSIDIARIES

Item 1, Table 1

SELECTED CONSOLIDATED YEAR-END BALANCES

In thousands	1999	1998	1997
Money-market assets			
Interest-bearing deposits at banks	$ 1,092	674	668
Federal funds sold and resell agreements	643,555	229,066	53,087
Trading account	641,114	173,122	57,291
Total money-market assets	1,285,761	402,862	111,046
Investment securities			
U.S. Treasury and federal agencies	737,586	1,321,000	1,081,247
Obligations of states and political subdivisions	79,189	73,789	38,018
Other	1,083,747	1,390,775	605,953
Total investment securities	1,900,522	2,785,564	1,725,218
Loans and leases			
Commercial, financial, leasing, etc.	3,697,058	3,211,427	2,406,640
Real estate - construction	525,241	489,112	254,434
Real estate - mortgage	10,152,905	9,289,521	6,765,408
Consumer	3,197,657	3,015,641	2,339,051
Total loans and leases	17,572,861	16,005,701	11,765,533
Unearned discount	(166,090)	(214,171)	(268,965)
Allowance for credit losses	(316,165)	(306,347)	(274,656)
Loans and leases, net	17,090,606	15,485,183	11,221,912
Goodwill and core deposit intangible	648,040	546,036	17,288
Real estate and other assets owned	10,000	11,129	8,413
Total assets	22,409,115	20,583,891	14,002,935
Noninterest-bearing deposits	2,260,432	2,066,814	1,458,241
NOW accounts	583,471	509,307	346,795
Savings deposits	5,198,681	4,830,678	3,344,697
Time deposits	7,088,345	7,027,083	5,762,497
Deposits at foreign office	242,691	303,270	250,928
Total deposits	15,373,620	14,737,152	11,163,158
Short-term borrowings	2,554,159	2,229,976	1,050,918
Long-term borrowings	1,775,133	1,567,543	427,819
Total liabilities	20,612,069	18,981,525	12,972,669
Stockholders' equity	1,797,046	1,602,366	1,030,266

In thousands	1996	1995
Money-market assets		
Interest-bearing deposits at banks	47,325	125,500
Federal funds sold and resell agreements	125,326	1,000
Trading account	37,317	9,709
Total money-market assets	209,968	136,209
Investment securities		
U.S. Treasury and federal agencies	1,023,038	1,087,005
Obligations of states and political subdivisions	41,445	35,250
Other	507,215	647,040
Total investment securities	1,571,698	1,769,295
Loans and leases		
Commercial, financial, leasing, etc.	2,206,282	2,013,937
Real estate - construction	90,563	77,604
Real estate - mortgage	6,199,931	5,648,590
Consumer	2,623,445	2,133,592
Total loans and leases	11,120,221	9,873,723
Unearned discount	(398,098)	(317,874)
Allowance for credit losses	(270,466)	(262,344)
Loans and leases, net	10,451,657	9,293,505
Goodwill and core deposit intangible	18,923	28,234
Real estate and other assets owned	8,523	7,295
Total assets	12,943,915	11,955,902
Noninterest-bearing deposits	1,352,929	1,184,359
NOW accounts	334,787	768,559
Savings deposits	3,280,788	2,765,301
Time deposits	5,352,749	4,596,053
Deposits at foreign office	193,236	155,303

Total deposits	10,514,489	9,469,575
Short-term borrowings	1,127,900	1,270,022
Long-term borrowings	178,002	192,791
Total liabilities	12,038,256	11,109,649
Stockholders' equity	905,659	846,253

STOCKHOLDERS, EMPLOYEES AND OFFICES

Number at year-end	1999	1998	1997	1996	1995
Stockholders	4,991	5,207	3,449	3,654	3,787
Employees	6,569	6,467	5,083	5,180	4,889
Offices	310	283	210	202	181

M&T BANK CORPORATION AND SUBSIDIARIES

Item 1, Table 2

CONSOLIDATED EARNINGS

IN THOUSANDS	1999	1998	1997
INTEREST INCOME			
Loans and leases, including fees	$ 1,323,262	1,198,639	954,974
Money-market assets			
Deposits at banks	87	400	2,475
Federal funds sold and resell agreements	24,491	8,293	2,989
Trading account	3,153	4,403	1,781
Investment securities			
Fully taxable	118,741	139,731	99,640
Exempt from federal taxes	8,897	7,984	5,640
Total interest income	1,478,631	1,359,450	1,067,499
INTEREST EXPENSE			
NOW accounts	4,683	4,851	3,455
Savings deposits	121,888	115,345	90,907
Time deposits	367,889	388,185	327,611
Deposits at foreign office	12,016	14,973	12,160
Short-term borrowings	104,911	105,582	44,341
Long-term borrowings	107,847	58,567	29,619
Total interest expense	719,234	687,503	508,093
NET INTEREST INCOME	759,397	671,947	559,406
Provision for credit losses	44,500	43,200	46,000
Net interest income after provision for credit losses	714,897	628,747	513,406
OTHER INCOME			
Mortgage banking revenues	71,819	65,646	51,547
Service charges on deposit accounts	73,612	57,357	43,377
Trust income	40,751	38,211	30,688
Merchant discount and other credit card fees	7,515	12,436	19,395
Trading account and foreign exchange gains	315	3,963	3,690
Gain (loss) on sales of bank investment securities	1,575	1,761	(280)
Gain on sales of venture capital investments	80	-	2,677
Other revenues from operations	86,708	83,565	39,435
Total other income	282,375	262,939	190,529
OTHER EXPENSE			
Salaries and employee benefits	284,822	259,487	220,017
Equipment and net occupancy	73,131	66,553	53,299
Printing, postage and supplies	17,510	17,603	13,747
Amortization of goodwill and core deposit intangible	49,715	34,487	7,291
Deposit insurance	2,798	2,710	1,935
Other costs of operations	150,982	185,283	125,487
Total other expense	578,958	566,123	421,776
Income before income taxes	418,314	325,563	282,159
Income taxes	152,688	117,589	105,918
NET INCOME	$ 265,626	207,974	176,241
DIVIDENDS DECLARED			
Common	$ 35,128	28,977	21,207
Preferred	-	-	-

IN THOUSANDS	1996	1995
INTEREST INCOME		
Loans and leases, including fees	883,500	796,501
Money-market assets		
Deposits at banks	2,413	8,181
Federal funds sold and resell agreements	2,985	3,007
Trading account	980	1,234
Investment securities		
Fully taxable	107,415	118,791
Exempt from federal taxes	2,637	2,760
Total interest income	999,930	930,474
INTEREST EXPENSE		
NOW accounts	9,430	11,902
Savings deposits	84,822	87,612
Time deposits	286,088	239,882

Deposits at foreign office	12,399	6,952
Short-term borrowings	59,442	84,225
Long-term borrowings	14,227	11,157
Total interest expense	466,408	441,730
NET INTEREST INCOME	533,522	488,744
Provision for credit losses	43,325	40,350
Net interest income after provision for credit losses	490,197	448,394
OTHER INCOME		
Mortgage banking revenues	44,484	37,142
Service charges on deposit accounts	40,659	38,290
Trust income	27,672	25,477
Merchant discount and other credit card fees	18,266	10,675
Trading account and foreign exchange gains	2,421	2,783
Gain (loss) on sales of bank investment securities	(37)	4,479
Gain on sales of venture capital investments	3,175	2,619
Other revenues from operations	31,110	25,753
Total other income	167,750	147,218
OTHER EXPENSE		
Salaries and employee benefits	208,342	188,222
Equipment and net occupancy	51,346	50,526
Printing, postage and supplies	15,167	14,442
Amortization of goodwill and core deposit intangible	6,292	6,293
Deposit insurance	9,337	14,675
Other costs of operations	118,494	100,281
Total other expense	408,978	374,439
Income before income taxes	248,969	221,173
Income taxes	97,866	90,137
NET INCOME	151,103	131,036
DIVIDENDS DECLARED		
Common	18,617	16,224
Preferred	900	3,600

M&T BANK CORPORATION AND SUBSIDIARIES

Item 1, Table 3

COMMON SHAREHOLDER DATA

	1999	1998	1997	1996	1995
Per Share					
Net income					
Basic	$ 34.05	27.30	26.60	22.54	19.61
Diluted	32.83	26.16	25.26	21.08	17.98
Cash dividends declared	4.50	3.80	3.20	2.80	2.50
Stockholders' equity at year-end	232.41	207.94	155.86	135.45	125.33
Tangible stockholders' equity at year-end	151.40	139.89	153.24	132.62	120.94
Dividend payout ratio	13.22 %	13.93 %	12.03 %	12.39 %	12.73 %

Item 1, Table 4

CHANGES IN INTEREST INCOME AND EXPENSE*

Increase (decrease) in thousands	1999 compared with 1998		
	Total change	Resulting from changes in: Volume	Rate
Interest income			
Loans and leases, including fees	$ 124,849	173,474	(48,625)
Money-market assets			
Deposits at banks	(313)	(305)	(8)
Federal funds sold and agreements to resell securities	16,198	16,499	(301)
Trading account	(1,303)	(1,250)	(53)
Investment securities			
U.S. Treasury and federal agencies	(34,922)	(30,636)	(4,286)
Obligations of states and political subdivisions	94	101	(7)
Other	15,102	17,203	(2,101)
Total interest income	$ 119,705		
Interest expense			
Interest-bearing deposits			
NOW accounts	$ (168)	810	(978)
Savings deposits	6,543	17,854	(11,311)
Time deposits	(20,296)	2,885	(23,181)
Deposits at foreign office	(2,957)	(1,667)	(1,290)
Short-term borrowings	(671)	7,074	(7,745)
Long-term borrowings	49,280	57,149	(7,869)
Total interest expense	$ 31,731		

Increase (decrease) in thousands	1998 compared with 1997		
	Total change	Resulting from changes in: Volume	Rate
Interest income			
Loans and leases, including fees	243,937	279,155	(35,218)
Money-market assets			
Deposits at banks	(2,075)	(1,414)	(661)
Federal funds sold and agreements to resell securities	5,304	5,298	6
Trading account	2,587	2,723	(136)
Investment securities			
U.S. Treasury and federal agencies	17,062	19,964	(2,902)
Obligations of states and political subdivisions	1,734	1,878	(144)
Other	24,748	23,816	932
Total interest income	293,297		
Interest expense			
Interest-bearing deposits			
NOW accounts	1,396	1,008	388
Savings deposits	24,438	26,516	(2,078)
Time deposits	60,574	66,505	(5,931)
Deposits at foreign office	2,813	3,023	(210)
Short-term borrowings	61,241	60,997	244
Long-term borrowings	28,948	32,764	(3,816)
Total interest expense	179,410		

* Interest income data are on a taxable-equivalent basis. The apportionment of changes resulting from the combined effect of both volume and rate was based on the separately determined volume and rate changes.

Item 2. PROPERTIES.

Both M&T and M&T Bank maintain their executive offices at One M&T Plaza in Buffalo, New York. This twenty-one story headquarters building, containing approximately 276,000 rentable square feet of space, is owned in fee by M&T Bank, and was completed in 1967. M&T, M&T Bank and their subsidiaries occupy approximately 84% of the building and the remainder is leased to non-affiliated tenants. At December 31, 1999, the cost of this property (including improvements subsequent to the initial construction), net of accumulated depreciation, was $8.9 million.

In September 1992, M&T Bank acquired an additional facility in Buffalo, New York with approximately 365,000 rentable square feet of space at a cost of approximately $12 million. Approximately 77% of this facility, known as M&T Center, is occupied by M&T Bank and its subsidiaries, with the remainder leased to non-affiliated tenants. At December 31, 1999, the cost of this building (including improvements subsequent to acquisition), net of accumulated depreciation, was $15.1 million.

M&T Bank also owns and occupies two separate facilities in the Buffalo area which support certain back-office and operations functions of the Company. The total square footage of these facilities approximates 223,000 square feet and their combined cost (including improvements subsequent to acquisition), net of accumulated depreciation, was $13.1 million at December 31, 1999.

As a result of the April 1, 1998 ONBANCorp merger, M&T Bank acquired a facility in Syracuse, New York with approximately 136,000 rentable square feet of space. Approximately 48% of this facility is occupied by M&T Bank, with the remainder leased to non-affiliated tenants. At December 31, 1999, the cost of this building, net of accumulated depreciation, was $7.9 million.

The cost, net of accumulated depreciation and amortization, of the Company's premises and equipment is detailed in note 6 of Notes to Financial Statements filed herewith in Part II, Item 8, "Financial Statements and Supplementary Data". Of the 281 domestic banking offices of the Registrant's subsidiary banks, 98 are owned in fee and 183 are leased.

Item 3. 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the Registrant's executive officers is presented below as of February 25, 2000. The year the officer was first appointed to the indicated position with the Registrant or its subsidiaries is shown parenthetically. In the case of each corporation noted below, officers' terms run until the first meeting of the board of directors after such corporation's annual meeting, and until their successors are elected and qualified.

Robert J. Bennett, age 58, is chairman of the board and a director (1998) of the Registrant. He is a vice chairman of the board and a director (1998) of M&T Bank and serves as chairman of the Directors Advisory Council of M&T Bank's Syracuse Division. Mr. Bennett is also a director (1998) of M&T Bank, N.A. He served as chairman of the board, president, chief executive officer and a director of ONBANCorp from May 1989 until its merger with M&T on April 1, 1998.

Robert G. Wilmers, age 65, is president (1988), chief executive officer (1983) and a director (1982) of the Registrant. Prior to the acquisition of ONBANCorp, Mr. Wilmers held the additional position of chairman of the board of the Registrant from April 1994 through March 1998. He is chairman of the board, chief executive officer (1983) and a director (1982) of M&T Bank, and served as president of M&T Bank from March 1984 to June 1996. Mr. Wilmers is chairman of the board and a director of M&T Bank, N.A.(1995). He is a director of M&T Financial (1983).

Emerson L. Brumback, age 48, is an executive vice president (1997) of the Registrant and M&T Bank, and is in charge of the Company's Retail Banking Division. Mr. Brumback is chairman of the board (1999) and a director (1997) of Highland Lease and executive vice president (1998) and a director of M&T Bank, N.A.(1997). He is chairman of the board (1999) and a director (1997) of M&T Credit and a director of M&T Mortgage (1997), M&T Reinsurance (1999) and M&T Securities (1997). Mr. Brumback was executive vice president, national retail distribution, at BancOne Corporation prior to joining the Company.

Atwood Collins, III, age 53, is an executive vice president of the Registrant (1997) and M&T Bank (1996) and is chairman of the Directors Advisory Council (1998) of M&T Bank's New York City Division. Previously, Mr. Collins served as president and chief executive officer of the New York City Division of M&T Bank (1997), and as president, chief executive officer and a director (1995) of The East New York Saving Bank, which had been a wholly owned subsidiary of the Registrant prior to its merger with and into M&T Bank on May 24, 1997. He is a director of M&T Real Estate (1995). Mr. Collins has responsibility for managing the Company's middle market, commercial real estate and business banking activities in Westchester, Putnam and Rockland counties of New York State and Connecticut, business banking in New York City and Investment banking, Institutional and Correspondent banking activities. He also manages the Company's Facilities Management and Services group.

Mark J. Czarnecki, age 44, is an executive vice president of the Registrant (1999) and M&T Bank (1997) and is in charge of the M&T Investment Group, which is comprised of M&T Securities, the Insurance Services Division of M&T Bank, N.A. and the Trust and Investment Services Division of M&T Bank. Mr. Czarnecki is a director of M&T Securities (1999) and an executive vice president of M&T Bank, N.A. (1997). Mr. Czarnecki has held a number of management positions with M&T Bank since 1977, most recently as senior vice president of the private client services group of the Trust and Investment Services Division (1994), and prior thereto as an administrative vice president and regional manager for the Retail Banking Division.

Brian E. Hickey, age 47, is an executive vice president of the Registrant (1997) and M&T Bank (1996) and is president and a member of the Directors Advisory Council (1994) of the Rochester Division of M&T Bank. Mr. Hickey is a director of M&T Financial (1996). In addition to managing all of M&T Bank's business segments in the Rochester market, Mr. Hickey has responsibility for managing the Company's Western New York Commercial Banking Division.

James L. Hoffman, age 60, is an executive vice president of the Registrant (1997) and M&T Bank (1996) and is president (1992) of the Hudson Valley Division of M&T Bank. Mr. Hoffman is a director of M&T Investment Company (1999). Mr. Hoffman served as chairman of the board, president, chief executive officer and a director (1983) of The First National Bank of Highland, which had been a wholly owned subsidiary of the Registrant prior to its merger with and into M&T Bank on February 29, 1992.

Adam C. Kugler, age 42, is an executive vice president and treasurer (1997) of the Registrant and M&T Bank, and is in charge of the Company's Treasury Division. Mr. Kugler is chairman of the board and a director of M&T Investment Company (1999), a director of M&T Financial (1997), M&T Securities (1997) and is an executive vice president, Treasurer and a director of M&T Bank, N.A. (1997). Mr Kugler was previously a senior vice president in the Treasury Division of M&T Bank.

Ray E. Logan, age 62, is an executive vice president of M&T Bank (1999) and is in charge of the Company's Human Resources Division. Mr. Logan served as senior vice president of M&T Bank from 1986 to 1999.

John L. Pett, age 51, is an executive vice president (1997) and chief credit officer (1995) of the Registrant and is an executive vice president and chief credit officer of M&T Bank (1996). Mr. Pett is a director of Highland Lease (1997) and M&T Credit (1997). He is an executive vice president (1998) and a director (1996) of M&T Bank, N.A. Mr. Pett served as senior vice president of the Registrant from 1991 to 1997.

Michael P. Pinto, age 44, is an executive vice president and chief financial officer of the Registrant (1997) and M&T Bank (1996), and is in charge of the Company's Finance Division and its Technology and Banking Operations Division. Mr. Pinto is chairman of the board, president and a director of Olympia Financial Corp. (1997), and a director of M&T Financial (1996), M&T Mortgage (1996), M&T Real Estate (1996) and M&T Investment Company (1999). He is an executive vice president and chief financial officer (1996) and a director (1998) of M&T Bank, N.A. Mr. Pinto served as senior vice president and controller of the Registrant from 1993 to 1997.

Robert E. Sadler, Jr., age 54, is an executive vice president (1990) and a director (1999) of the Registrant, president and a director of M&T Bank (1996), and is in charge of the Company's Commercial Banking Division. Mr. Sadler is president, chief executive officer and a director of M&T Bank, N.A.(1995); chairman of the board (1989) and a director of M&T Financial (1985); chairman of the board and a director of M&T Mortgage (1991); chairman of the board and a director of M&T Securities (1994); and chairman of the board, president and a director of M&T Real Estate (1995).

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS. The Registrant's common stock is traded under the symbol MTB on the New York Stock Exchange. SEE cross-reference sheet for disclosures incorporated elsewhere in this Annual Report on Form 10-K for market prices of the Registrant's common stock, approximate number of common stockholders at year-end, frequency and amounts of dividends on common stock and restrictions on the payment of dividends.

Item 6. SELECTED FINANCIAL DATA. SEE cross-reference sheet for disclosures incorporated elsewhere in this Annual Report on Form 10-K.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CORPORATE PROFILE AND SIGNIFICANT DEVELOPMENTS

M&T Bank Corporation ("M&T") is a bank holding company headquartered in Buffalo, New York with consolidated assets of $22.4 billion at December 31, 1999. M&T and its consolidated subsidiaries are hereinafter referred to collectively as "the Company." M&T's wholly owned banking subsidiaries are Manufacturers and Traders Trust Company ("M&T Bank") and M&T Bank, National Association ("M&T Bank, N.A.").

M&T Bank, with total assets of $21.6 billion at December 31, 1999, is a New York-chartered commercial bank with 261 banking offices throughout New York State, 19 banking offices in northeastern Pennsylvania and an office in Nassau, The Bahamas. M&T Bank and its subsidiaries offer a broad range of financial services to a diverse base of consumers, businesses, professional clients, governmental entities and financial institutions located in its markets. Lending is largely focused on consumers residing in New York State and northeastern Pennsylvania, and on small and medium size businesses based in those areas. Certain lending activities are also conducted in other states through various subsidiaries. M&T Bank's subsidiaries include Highland Lease Corporation, a consumer leasing company; M&T Credit Corporation, a consumer lending and commercial leasing and lending company; M&T Financial Corporation, a commercial leasing company; M&T Mortgage Corporation, a residential mortgage banking company; M&T Real Estate, Inc., a commercial mortgage lender; and M&T Securities, Inc., a broker/dealer.

M&T Bank, N.A., with total assets of $852 million at December 31, 1999, is a national bank with an office in Oakfield, New York. M&T Bank, N.A. offers selected deposit, loan and insurance products on a nationwide basis, primarily through telephone and direct mail marketing techniques. Insurance products are also offered by M&T Bank, N.A. through banking offices of M&T Bank.

On September 24, 1999, M&T Bank completed the acquisition of 29 upstate New York branches from The Chase Manhattan Bank ("Chase"). The branches had approximately $634 million of deposits and approximately $44 million of retail installment and commercial loans at the closing. In addition, on September 30, 1999 M&T Bank received from Chase investment management and custody accounts having assets of approximately $286 million. Chase also agreed to transfer up to approximately $195 million of other trust and fiduciary account assets to M&T Bank following the receipt of required court approvals. It is expected that this portion of the transaction will be completed in the first quarter of 2000.

On June 1, 1999, M&T completed the acquisition of FNB Rochester Corp. ("FNB"), a bank holding company headquartered in Rochester, New York. Immediately after the acquisition, FNB's banking subsidiary, First National Bank of Rochester, which had 17 banking offices in western and central New York State, was merged with and into M&T Bank. The acquisition was accounted for using the purchase method of accounting, and, accordingly, the operations of FNB have been included in the financial results of the Company since the acquisition date. FNB's stockholders received $76 million in cash and 122,516 shares of M&T common stock in exchange for FNB shares outstanding at the time of acquisition. Assets acquired totaled approximately $676 million and included loans and leases of $393 million and investment securities of $148 million. Liabilities assumed on June 1 were approximately $541 million and included $511 million of deposits.

In connection with the transactions described in the two preceding paragraphs the Company recorded approximately $153 million of goodwill and core deposit intangible. Nonrecurring expenses related to systems conversions and other costs of integrating and conforming the acquired operations with and into M&T Bank totaled $4.7 million ($3.0 million after-tax) during the year ended December 31, 1999 and consisted largely of expenses for professional services and other temporary help fees associated with the conversion of systems and/or integration of operations; initial marketing and promotion expenses designed to introduce M&T Bank to Chase and FNB customers; and printing, supplies and other costs. Since the systems conversions and integration of operations are complete, the Company does not expect to incur a material amount of additional integration costs. In accordance with generally accepted accounting principles, included in the determination of goodwill were charges totaling $4.1 million, net of applicable income taxes, for severance of former Chase and FNB employees; legal and other professional fees; and termination of contracts for data processing and other services. As of December 31, 1999, the remaining unpaid portion of merger-related expenses and charges included in the determination of goodwill were $130 thousand and $960 thousand, respectively. The resolution of any preacquisition contingencies is not expected to have a material impact on the allocation of the purchase price or the amount of goodwill recorded as part of the acquisitions.

On April 1, 1998, M&T completed the acquisition of ONBANCorp, Inc. ("ONBANCorp"), a bank holding company headquartered in Syracuse, New York. Immediately after the acquisition, ONBANCorp's two banking subsidiaries, OnBank & Trust Co. in Syracuse, which operated 59 offices in upstate New York, and Franklin First Savings Bank in Wilkes-Barre, Pennsylvania, which operated 19 offices in northeastern Pennsylvania, were merged with and into M&T Bank. The acquisition was accounted for using the purchase method of accounting and, accordingly, the operations acquired from ONBANCorp have been included in the financial results of the Company since the acquisition date. ONBANCorp's stockholders received $266 million in cash and 1,429,998 shares of M&T common stock in exchange for ONBANCorp shares outstanding at the time of acquisition. The accompanying table provides a summary of assets acquired

and liabilities assumed on April 1, 1998 in connection with the ONBANCorp transaction:

Assets

	(in thousands)
Investment securities	$1,576,604
Loans and leases, net of unearned discount	2,970,306
Allowance for possible credit losses	(27,905)
Loans and leases, net	2,942,401
Goodwill and core deposit intangible	562,533
Other assets	411,727
Total assets	$5,493,265

Liabilities

Deposits	$3,767,729
Short-term borrowings	541,689
Long-term borrowings	268,617
Other liabilities	41,680
Total liabilities	$4,619,715

In connection with the ONBANCorp acquisition, the Company recorded approximately $563 million of goodwill and core deposit intangible, and incurred nonrecurring expenses related to systems conversions and other costs of integrating and conforming the acquired operations with and into the operations of M&T Bank of approximately $21.3 million ($14.0 million after-tax) during the year ended December 31, 1998. Included in the determination of goodwill were charges totaling $16.8 million, net of applicable income taxes, for severance of former ONBANCorp employees; investment banking, legal and other professional fees; and termination of ONBANCorp contracts for data processing and other services. As of December 31, 1998, the remaining unpaid portion of merger-related expenses and charges included in the determination of goodwill were $2.1 million and $1.1 million, respectively. Substantially all of these balances were paid during 1999.

In December 1999, M&T Bank entered into a definitive agreement to acquire Matthews, Bartlett & Dedecker, Inc. ("MBD"), an insurance agency located in Buffalo, New York. MBD provides insurance services principally to the commercial market and will operate as a subsidiary of M&T Bank. It is expected that the acquisition will be completed in the first quarter of 2000 and that it will not have a material impact on the Company's financial position or results of operations.

OVERVIEW

M&T reported net income in 1999 of $265.6 million or $32.83 of diluted earnings per common share, increases of 28% and 25%, respectively, from $208.0 million or $26.16 per diluted share in 1998. Basic earnings per common share rose to $34.05 in 1999, an increase of 25% from $27.30 in 1998. Net income totaled $176.2 million in 1997, while diluted and basic earnings per share were $25.26 and $26.60, respectively. The after-tax impact of nonrecurring expenses associated with the merger and acquisition activity previously described was $3.0 million ($4.7 million pre-tax) or $.37 of diluted earnings per share and $.38 of basic earnings per share in 1999, compared with $14.0 million ($21.3 million pre-tax) or $1.76 of diluted earnings per share and $1.84 of basic earnings per share in 1998. The impact on 1999's net income resulting from the FNB and Chase branch acquisitions was not material.

Net income represented a return on average assets in 1999 of 1.26%,

compared with 1.14% in 1998 and 1.32% in 1997. The return on average common stockholders' equity was 15.30% in 1999, 13.86% in 1998 and 18.49% in 1997. Excluding the impact of merger-related expenses, the rates of return on average assets and average common equity in 1999 were 1.28% and 15.47%, respectively, compared with 1.21% and 14.79%, respectively, in 1998.

Growth in average loans and leases was the most significant factor contributing to a 13% increase in taxable-equivalent net interest income to $767 million in 1999 from $679 million in 1998. Average loans and leases rose to $16.4 billion in 1999, an increase of 15% from $14.3 billion in 1998. Similarly, average earning assets totaled $19.1 billion in 1999, up 13% from $16.9 billion in 1998. A 30% increase in average loans outstanding in 1998, including the impact of the $3.0 billion of loans obtained on April 1, 1998 in the ONBANCorp acquisition, was the most significant factor for the rise in that year's net interest income from $565 million in 1997. Average loans and average earning assets in 1997 were $11.0 billion and $12.8 billion, respectively. Improvement in 1998's net interest income resulting from asset growth was partially offset by a reduction of the Company's net interest margin, or taxable-equivalent net interest income expressed as a percentage of average earning assets. Net interest margin in 1999 was 4.02%, compared with 4.01% in 1998 and 4.42% in 1997.

The provision for credit losses in 1999 was $44.5 million, compared with $43.2 million in 1998 and $46.0 million in 1997. Net charge-offs totaled $40.3 million in 1999, compared with $39.4 million in 1998 and $41.8 million in 1997. Net charge-offs as a percentage of average loans outstanding declined to .25% in 1999, from .28% in 1998 and .38% in 1997.

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 the contribution, in 1998 the Company recognized charitable contributions expense of $24.6 million and recognized tax-exempt other income of $15.3 million. The contribution provided an income tax benefit of approximately $10.0 million and, accordingly, resulted in an after-tax increase in 1998's net income of $700 thousand, or $.09 per diluted share. Excluding the effect of this contribution, noninterest income of $282 million in 1999 increased 14% from $248 million in 1998 and was 48% above the $191 million earned in 1997. Growth in mortgage banking revenues, fees earned from deposit services, and a full year of revenues associated with operations obtained in the ONBANCorp acquisition were factors contributing to the increase from 1998 to 1999. Revenues related to operations and/or market areas associated with the ONBANCorp acquisition, along with higher revenues from mortgage banking, trust activities and bank owned life insurance contributed to the increase from 1997 to 1998. Approximately 40% of the increase from 1997 to 1998 was attributable to revenues related to operations and/or market areas associated with the ONBANCorp acquisition.

Noninterest expenses associated with operations, which exclude amortization of goodwill and core deposit intangible and certain nonrecurring expenses, were $525 million in 1999, an increase of 8% from $486 million in 1998. The excluded items consist of nonrecurring merger-related expenses of $4.7 million and $21.3 million in 1999 and 1998, respectively, amortization of goodwill and core deposit intangible of $49.7 million in 1999 and $34.5 million in 1998, and $24.6 million of expense related to the previously mentioned contribution to the affiliated charitable foundation in 1998. Higher expenses related to salaries, employee benefits and occupancy contributed to the higher expense level in 1999 compared with 1998. After excluding $7.3 million of amortization of goodwill and core deposit intangible, noninterest expenses associated with operations in 1997 totaled $414 million. Operating expenses related to the acquired operations of ONBANCorp significantly contributed to the increase from 1997 to 1998.

The efficiency ratio, or noninterest expense divided by the sum of taxable-equivalent net interest income and noninterest income, measures how much of a company's revenue is consumed by operating expenses. Reflecting the smooth integration of the 1998 and 1999 acquisitions, M&T's efficiency ratio, calculated using the adjusted income and expense totals noted above and excluding gains from sales of bank investment securities from noninterest income, improved significantly to 50.06% in 1999 from 52.51% in 1998 and 54.82% in 1997.

CASH OPERATING RESULTS

As a result of the acquisitions of ONBANCorp, FNB and the Chase branches and, to a significantly lesser extent, acquisitions of other entities in prior years, the Company had recorded as assets goodwill and core deposit intangible totaling $648 million and $546 million at December 31, 1999 and 1998, respectively. Since the amortization of goodwill and core deposit intangible does not result in a cash expense, M&T believes that supplemental reporting of 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 credit losses, or deferred income taxes associated with the results of operations. Unless noted otherwise, cash basis data does, however, exclude the after-tax impact of nonrecurring merger-related expenses associated with the acquisitions of ONBANCorp, FNB and the Chase branches.

Cash net income rose 23% to $311.0 million in 1999 from $251.9 million in 1998. Diluted and basic cash earnings per share in 1999 were each up 21% to $38.44 and $39.87, respectively, from $31.69 and $33.06 in 1998. In 1997, cash net income was $182.4 million while diluted and basic cash earnings per share were $26.14 and $27.53, respectively. The impact of the FNB and Chase branch acquisitions on 1999 cash net income was not material.

Cash return on average tangible assets was 1.52% in 1999, compared with 1.41% in 1998 and 1.37% in 1997. Cash return on average tangible common equity was 26.71% in 1999, compared with 23.08% and 19.56% in 1998 and 1997, respectively. Including the effect of merger-related expenses, the cash return on average tangible assets for 1999 and 1998 was 1.50% and 1.33%, respectively, and the cash return on average tangible common equity was 26.45% and 21.80%, respectively.

NET INTEREST INCOME/LENDING AND FUNDING ACTIVITIES

Taxable-equivalent net interest income rose 13% to $767 million in 1999 from $679 million in 1998, largely the result of growth in average earning assets, which increased $2.2 billion or 13% to $19.1 billion in 1999 from $16.9 billion in 1998. Taxable-equivalent net interest income and average earning assets in 1997 were $565 million and $12.8 billion, respectively. The growth in average earning assets in 1999 and 1998 was largely attributable to higher average loans and leases outstanding. Average loans and leases totaled $16.4 billion in 1999, up 15% from $14.3 billion in 1998 and 50% higher than $11.0 billion in 1997. The impact of the $393 million of loans obtained in the FNB transaction in June 1999 and the full-year impact of loans acquired in the April 1998 ONBANCorp transaction contributed to the higher average loan balances in 1999 compared with 1998. The primary reason for the higher loan balances in 1998 as compared to 1997 was the $3.0 billion of loans obtained in 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 these increases in average loans and leases in 1998 was the impact of the July 1998 sale of M&T's retail credit card business, including approximately $186 million of outstanding credit card balances as of the sale date. Average credit card balances, including cards issued to small businesses, were $10 million in 1999, compared with $136 million in 1998 and $268 million in 1997. The accompanying table 4 summarizes average loans and leases outstanding in 1999 and percentage changes in the major components of the portfolio over the past two years.

Loans secured by real estate, including home equity loans and outstanding home equity lines of credit which the Company classifies as consumer loans, represented approximately 66% of the loan and lease portfolio during 1999 and 1998, up from 64% in 1997. At December 31, 1999, the Company held approximately $6.5 billion of commercial real estate loans, $4.1 billion of consumer real estate mortgage loans secured by one-to-four family residential properties and $885 million of outstanding home equity loans and lines of credit, compared with $5.5 billion, $4.3 billion and $739 million, respectively, at December 31, 1998.

Commercial real estate loans originated by the Company are predominately secured by properties in the New York City metropolitan area, including areas in neighboring states generally considered to be within commuting distance of New York City, and Western New York, which includes Buffalo, Niagara Falls, Rochester and surrounding areas. Commercial real estate loans are also originated in the Syracuse, Albany, Hudson Valley and Southern Tier regions of New York State, as well as in northeastern Pennsylvania. Historically, commercial real estate loans originated by the Company are fixed-rate instruments with monthly payments and a balloon payment of the remaining unpaid principal at maturity, in many cases five years after origination. For borrowers in good standing, the terms of such loans may be extended by the customer for an additional five years at the then-current market rate of interest. In response to customer needs, in recent years the Company has also originated fixed-rate commercial real estate loans with maturities of greater than five years. In general, these loans have original maturity terms of approximately ten years. The Company also originates adjustable-rate commercial real estate loans. As of December 31, 1999, approximately 27% of the commercial real estate loan portfolio consisted of adjustable-rate loans. The accompanying table 6 presents commercial real estate loans by geographic area, type of collateral and size of the loans outstanding at December 31, 1999. Of the $3.2 billion of commercial real estate loans in the New York City metropolitan area, approximately 50% were secured by multi-family residential properties, 20% by retail space and 12% by office space. The Company's experience has been that office space and retail properties tend to demonstrate more volatile fluctuations in value through economic cycles and changing economic conditions than do multi-family residential properties. Approximately 54% of the aggregate dollar amount of New York City area loans were for $5 million or less, while loans of more than $10 million made up approximately 28% of the total. Commercial real estate loans secured by properties elsewhere in New York State tend to have a greater diversity of collateral types and include a significant amount of lending to customers who use the mortgaged property in their trade or business. Approximately 77% of the aggregate dollar amount of these New York State loans were for $5 million or less.

Commercial real estate loans secured by properties located outside of New York State and outside of areas of neighboring states considered to be part of the New York City metropolitan area comprised 10% of total commercial real estate loans as of December 31, 1999.

Of the $395 million of commercial construction loans presented in the accompanying table 6, $226 million represent loans for which the Company has

also committed to provide permanent financing. At December 31, 1999, commercial construction loans represented 2% of total loans and leases.

Real estate loans secured by one-to-four family residential properties totaled $4.1 billion at December 31, 1999, including approximately 67% secured by properties located in New York State. At December 31, 1999, $239 million of residential real estate loans were held for sale by M&T Mortgage Corporation, the Company's mortgage banking subsidiary.

Consumer loans and leases represented approximately 18% of the average loan portfolio during 1999, compared with 19% and 21% in 1998 and 1997, respectively. Automobile loans and leases and home equity loans and lines of credit represent the largest components of the consumer loan portfolio. Approximately 96% of home equity loans and lines of credit outstanding at December 31, 1999 were secured by properties in New York State. At December 31, 1999, 40% of the automobile loan and lease portfolio was to customers residing in New York State, while the remainder was largely to customers in Pennsylvania. Automobile loans and leases are generally originated through dealers, however, all applications submitted by dealers are subject to the Company's normal underwriting and loan approval procedures. Automobile loans and leases represented approximately 9% of the Company's average loan portfolio during 1999, while no other consumer loan product represented more than 5%. The average outstanding balance of automobile leases outstanding was approximately $375 million in 1999, $315 million in 1998 and $147 million in 1997. Due to poorer than expected results, during 1998 and 1997 the Company terminated all of its co-branded credit card programs and sold its retail credit card business on July 31, 1998, including outstanding balances of approximately $186 million.

The Company's portfolio of investment securities averaged $2.1 billion in 1999, $2.4 billion in 1998 and $1.7 billion in 1997. The investment securities portfolio is largely comprised of residential mortgage-backed securities and collateralized mortgage obligations, commercial real estate mortgage-backed securities, and shorter-term U.S. Treasury notes. The Company has also invested in debt securities issued by municipalities and debt and preferred equity securities issued by government-sponsored agencies and certain financial institutions. When purchasing investment securities, the Company considers its overall interest-rate 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. The size of the investment securities portfolio is influenced by such factors as demand for loans, which generally yield more than investment securities, ongoing repayments, the level of deposits, and management of balance sheet size and resulting capital ratios.

Money-market assets, which are comprised of interest-earning deposits at banks, interest-earning trading account assets, Federal funds sold and agreements to resell securities, averaged $517 million in 1999, compared with $230 million in 1998 and $123 million in 1997.

Core deposits represent the most significant source of funding to the Company and consist of noninterest-bearing deposits, interest-bearing transaction accounts, savings deposits and nonbrokered domestic time deposits under $100,000. Core deposits generally carry lower interest rates than wholesale funds of comparable maturities. The Company's branch network is its principal source of core deposits. Certificates of deposit under $100,000 generated on a nationwide basis by M&T Bank, N.A. are also included in core deposits. Average core deposits were $11.9 billion in 1999, up from $10.7 billion in 1998 and $8.3 billion in 1997. The increases in average core deposits in 1999 and 1998 reflect the 1999 Chase branch and FNB

acquisitions and the 1998 ONBANCorp acquisition. Core deposits obtained in the Chase branch acquisition as of September 24, 1999 and in the FNB acquisition as of June 1, 1999 were $618 million and $419 million, respectively. Core deposits obtained in the acquisition of ONBANCorp totaled approximately $2.8 billion on April 1, 1998. Average core deposits of M&T Bank, N.A. were $429 million in 1999, $401 million in 1998 and $432 million in 1997. Funding provided by core deposits totaled 62% of average earning assets in 1999, compared with 63% in 1998 and 65% in 1997. The accompanying table 7 summarizes average core deposits in 1999 and percentage changes in the components over the past two years.

Supplementing 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. Domestic time deposits over $100,000, excluding brokered certificates of deposit, averaged $1.6 billion in 1999, compared with $1.3 billion in 1998 and $1.0 billion in 1997. Offshore branch deposits, comprised primarily of accounts with balances of $100,000 or more, averaged $254 million in 1999, compared with $288 million and $230 million in 1998 and 1997, respectively. Brokered deposits averaged $1.1 billion in 1999, compared with $1.4 billion in 1998 and 1997, and totaled $1.0 billion at December 31, 1999. Brokered deposits have been used as an alternative to short-term borrowings to lengthen the average maturity of interest-bearing liabilities. The weighted-average remaining term to maturity of brokered deposits at December 31, 1999 was 1.3 years. However, 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 similar to the amounts and terms of many 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 Bank of New York and the Federal Home Loan Bank of Pittsburgh (together, the "FHLB"), and others as sources of funding. Short-term borrowings averaged $2.1 billion in 1999, $1.9 billion in 1998 and $812 million in 1997. The average balance of long-term borrowings was $1.7 billion in 1999, compared with $835 million in 1998 and $373 million in 1997. Included in average long-term borrowings were amounts borrowed from the FHLB of $1.2 billion in 1999, $343 million in 1998 and $2 million in 1997, as well as $175 million of subordinated capital notes issued in prior years by M&T Bank. Average long-term borrowings also include trust preferred securities with a carrying value of $319 million that were issued by special-purpose entities in 1997. Further information regarding the trust preferred securities, as well as information regarding contractual maturities of long-term borrowings, is provided in note 8 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 described herein, as well as changes in interest rates and spreads. Net interest spread, or the difference between the yield on earning assets and the rate paid on interest-bearing liabilities, was 3.48% in 1999, compared with 3.44% in 1998. The yield on earning assets decreased 29 basis points (hundredths of one percent) to 7.79% in 1999 from 8.08% in 1998. Similarly, the rate paid on interest-bearing liabilities decreased 33 basis points to 4.31% in 1999 from 4.64% in 1998. The declines in yields on earning assets and rates paid on interest-bearing liabilities were due to generally lower interest rates in 1999 when compared with 1998. However, actions taken by the Federal Reserve during the third and fourth quarters of 1999 have resulted in an increase in interest rates. In 1997, the net interest spread was 3.73%, the yield on earning assets was 8.39% and the rate paid on interest-bearing

liabilities was 4.66%. Lower yielding residential real estate loans, consumer loans and investment securities acquired in the ONBANCorp transaction; the July 1998 sale of the Company's retail credit card business; 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 in 1998 as compared with 1997.

Net interest-free funds consist largely of noninterest-bearing demand deposits and stockholders' equity, partially offset by goodwill and core deposit intangible, bank owned life insurance and other non-earning assets. Net interest-free funds contributed .54% to net interest margin in 1999, compared with .57% in 1998 and .69% in 1997. Average net interest-free funds totaled $2.4 billion in 1999, $2.1 billion in 1998 and $1.9 billion in 1997. The decline in the contribution to net interest margin of net interest-free funds in 1999 and 1998 from 1997 was due, in part, to the goodwill and core deposit intangible assets recorded in conjunction with the FNB, Chase branch and ONBANCorp acquisitions (which averaged $587 million in 1999 and $413 million in 1998) and the cash surrender value of bank owned life insurance (which averaged $379 million in 1999, compared with $314 million in 1998 and $41 million in 1997). Increases in the cash surrender value of bank owned life insurance are not included in interest income, but rather are recorded in "other revenues from operations." These two noninterest-earning assets mitigated much of the benefit derived from increases in stockholders' equity and/or noninterest-bearing deposits resulting from the FNB, Chase branch and ONBANCorp transactions.

Future changes in market interest rates or spreads, as well as changes in the composition of the Company's portfolios of earning assets and interest-bearing liabilities that result in reductions in spreads could adversely impact the Company's net interest margin and net interest income. Management assesses the potential impact of future changes in interest rates and spreads by projecting net interest income under a number of different interest rate scenarios. As part of the management of interest rate risk, the Company utilizes interest rate swap agreements to modify the repricing characteristics of certain portions of the loan and deposit portfolios. Revenue and expense arising from these agreements are reflected in either the yields earned on assets or, as appropriate, the rates paid on interest-bearing liabilities. Excluding forward-starting swaps, the notional amount of interest rate swaps entered into for interest rate risk management purposes as of December 31, 1999 was approximately $1.7 billion. 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 terms of $99 million of swaps, the Company pays a fixed rate of interest and receives a variable rate. To help manage exposure resulting from changing interest rates in future years, as of December 31, 1999, the Company had also entered into forward-starting swaps with an aggregate notional amount of $373 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 December 31, 1999. The average notional amounts of interest rate swaps entered into for interest rate risk management purposes, the related effect on net interest income and margin, and the weighted-average rate paid or received on those swaps are presented in the accompanying table 8.

The Company estimates that as of December 31, 1999 it would have received approximately $25 million if all interest rate swap agreements entered into for interest rate risk management purposes had been terminated, compared with $23 million and $16 million at December 31, 1998 and 1997, respectively. The 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. With the exception of swaps having a notional amount of

$50 million that were entered into for the purpose of modifying the repricing characteristics of fixed-rate, available for sale investment securities, 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. Additional information about interest rate swaps is included in note 16 of Notes to Financial Statements.

PROVISION FOR CREDIT LOSSES

The purpose of the provision for credit losses is to adjust the Company's allowance for credit losses to a level that is adequate to absorb losses inherent in the loan and lease portfolio. The provision for credit losses was $44.5 million in 1999, compared with $43.2 million in 1998 and $46.0 million in 1997. Net loan charge-offs in 1999 were $40.3 million, compared with $39.4 million in 1998 and $41.8 million in 1997. Net loan charge-offs as a percentage of average loans outstanding were .25% in 1999, .28% in 1998 and .38% in 1997. Nonperforming loans totaled $103.2 million or .59% of loans and leases outstanding at December 31, 1999, compared with $117.0 million or .74% a year earlier and $80.7 million or .70% at December 31, 1997. The allowance for credit losses was $316.2 million or 1.82% of net loans and leases at the end of 1999, compared with $306.3 million or 1.94% at December 31, 1998 and $274.7 million or 2.39% at December 31, 1997. The ratio of the allowance to nonperforming loans at year-end 1999, 1998 and 1997 was 306%, 262% and 341%, respectively.

The decline in the allowance as a percentage of total loans at December 31, 1999 and 1998 as compared with December 31, 1997 and prior years reflects management's evaluation of the loan and lease portfolio as of each date, the relatively favorable economic environment for many commercial borrowers in the two recent years, the July 1998 sale of the retail credit card business, 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 areas of 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 credit losses as of December 31, 1999. Based upon the results of such review, management believes that the allowance for credit losses at December 31, 1999 was adequate to absorb credit losses inherent in the portfolio as of that date.

The accompanying table 10 presents a comparative allocation of the allowance for credit losses for each of the past five year-ends. Amounts were allocated to specific loan categories based upon management's classification of loans under the Company's internal loan grading system and assessment of near-term charge-offs and losses existing in specific larger balance loans that are reviewed in detail by the Company's internal loan review department and pools of other loans that are not individually analyzed. The unallocated portion of the allowance is intended to provide for probable losses that are not otherwise identifiable resulting from (i) comparatively poorer economic conditions and an unfavorable business climate

in market regions served by the Company, in particular areas of New York State outside of the New York City metropolitan area that have not experienced the same degree of economic growth evident in much of the rest of the country in recent years, (ii) portfolio concentrations regarding loan type, collateral type and geographic location, in particular the large concentration of commercial real estate loans secured by properties in the New York City metropolitan area and other areas of New York State, (iii) the effect of expansion into new markets, including market areas of New York State and Pennsylvania entered through the acquisition of ONBANCorp, and/or new loan product types, including expansion of automobile loan and leasing activities in recent years, and, (iv) the possible use of imprecise estimates in determining the allocated portion of the allowance. The economy in New York State, in general, and the Upstate New York region (comprised of areas outside of metropolitan New York City), in particular, continues to lag behind the rest of the country. Marginal job growth, coupled with a declining population base, has left the Upstate New York region susceptible to potential credit problems, particularly related to commercial customers. Given the Company's high concentration of commercial loans and commercial real estate loans in New York State, including the Upstate New York region, and considering the other factors already discussed, the level of the unallocated portion of the allowance for credit losses is deemed prudent and reasonable. Nevertheless, the allowance is general in nature and is available to absorb losses from any loan or lease category. Accordingly, the amounts presented in the table are not necessarily indicative of future losses within the individual loan categories.

Several factors influence the Company's credit loss experience, including overall economic conditions affecting businesses and consumers, in general, and, due to the size of the Company's commercial real estate loan portfolio, real estate valuations, in particular. Commercial real estate valuations include many assumptions and, as a result, can be highly subjective. Commercial real estate values can be significantly affected over relatively short periods of time by changes in business climate and economic conditions, and, in many cases, the results of operations of businesses and other occupants of the real property. Nonperforming commercial real estate loans totaled $13.4 million, $19.3 million and $17.4 million at December 31, 1999, 1998 and 1997, respectively. During 1999, the Company realized net recoveries of charged-off commercial real estate loans of $2.2 million. During 1998 and 1997, net charge-offs of commercial real estate loans were $3.6 million and $.9 million, respectively.

Net charge-offs of consumer loans and leases were $21.7 million in 1999, or .72% of average consumer loans outstanding during the year, compared with $31.5 million or 1.13% in 1998 and $35.8 million or 1.55% in 1997. Charge-offs of credit card balances and indirect automobile loans and leases represented the most significant types of consumer loans charged off during the past three years. Net credit card and indirect automobile loan charge-offs during 1999 were $.6 million and $8.3 million, respectively, compared with $14.4 million and $10.5 million, respectively, in 1998 and $19.0 million and $11.2 million, respectively, in 1997. As previously noted, the Company sold its retail credit card business in July 1998. Nonperforming consumer loans and leases totaled $27.3 million or .88% of outstanding consumer loans at December 31, 1999, compared with $28.3 million or .98% at December 31, 1998 and $21.9 million or .99% at December 31, 1997.

Net charge-offs of commercial loans and leases in 1999 totaled $17.0 million, compared with $2.7 million in 1998 and $1.9 million in 1997. The increase in charge-offs in 1999 compared with prior years was largely the result of two commercial loans with partial charge-offs aggregating $15.0 million. Nonperforming commercial loans and leases totaled $22.5 million, $20.6 million and $10.2 million at December 31, 1999, 1998 and 1997, respectively.

Net charge-offs of residential real estate loans were $3.9 million in 1999, compared with $1.6 million and $3.1 million in 1998 and 1997, respectively. Residential real estate loans classified as nonperforming at December 31, 1999, 1998 and 1997 totaled $40.0 million, $48.9 million and $31.2 million, respectively.

Commercial real estate loans secured by multi-family properties in the New York City metropolitan area represented 9% of loans outstanding at December 31, 1999. The Company had no concentrations of credit extended to any specific industry that exceeded 10% of total loans at December 31, 1999. Furthermore, the Company had no exposure to less developed countries, and only $22 million of outstanding foreign loans at December 31, 1999.

Assets acquired in settlement of defaulted loans totaled $10.0 million at December 31, 1999, compared with $11.1 million a year earlier and $8.4 million at the end of 1997.

OTHER INCOME

Other income rose 14% to $282 million in 1999 from $248 million in 1998, after excluding $15.3 million of tax-exempt income in 1998 resulting from the previously noted transfer of appreciated investment securities to an affiliated, tax-exempt charitable foundation. Growth in mortgage banking revenues, fees earned from deposit services, and a full year of revenues associated with operations obtained in the ONBANCorp acquisition contributed to the improvement. Other income was $191 million in 1997. Revenues related to operations and/or market areas associated with the ONBANCorp acquisition, along with higher revenues from mortgage banking, trust activities and bank owned life insurance contributed to the increase from 1997 to 1998. Approximately 40% of the increase from 1997 to 1998 was attributable to revenues related to operations and/or market areas associated with the former ONBANCorp.

Mortgage banking revenues, which consist of residential mortgage loan servicing fees, gains from sales of residential mortgage loans and loan servicing rights, and other residential mortgage loan-related fees, increased to $71.8 million in 1999 from $65.6 million in 1998 and $51.5 million in 1997. Revenues from servicing residential mortgage loans for others were $26.8 million in 1999, compared with $29.3 million in 1998 and $25.7 million in 1997. Gains from sales of residential mortgage loans and loan servicing rights totaled $39.7 million in 1999, $32.4 million in 1998 and $23.1 million in 1997. The Company maintains residential mortgage loan origination offices in New York State, as well as in Arizona, Colorado, Idaho, Massachusetts, Ohio, Oregon, Pennsylvania, Utah and Washington. Residential mortgage loans originated for sale to other investors totaled $2.5 billion in 1999, compared with $2.8 billion and $1.6 billion in 1998 and 1997, respectively. Residential mortgage loans serviced for others were $7.2 billion, $7.3 billion and $7.5 billion at December 31, 1999, 1998 and 1997, respectively. Capitalized servicing assets were $61 million at December 31, 1999 and 1997, compared with $62 million at December 31, 1998.

Reflecting a third quarter 1999 increase in fees, combined with the impact of the FNB, Chase branch and ONBANCorp acquisitions, service charges on deposit accounts rose 28% to $73.6 million in 1999 from $57.4 million in 1998, and 70% from $43.4 million in 1997. Fees for services provided to customers in the areas formerly served by ONBANCorp contributed approximately three-fourths of the increase from 1997 to 1998. Trust income increased 7% to $40.8 million in 1999 from $38.2 million in 1998 and 33% from $30.7 million in 1997. The increases in both 1999 and 1998 were largely due to higher revenues for investment management services. Merchant discount and other credit card fees in 1999 totaled $7.5 million, compared with $12.4

million in 1998 and $19.4 million in 1997. As noted earlier, during 1997 and 1998 the Company terminated all of its co-branded credit card programs, and sold its retail credit card business on July 31, 1998. Total credit card fees included in merchant discount and credit card fees in 1999 were approximately $2 million, compared with approximately $9 million and $16 million in 1998 and 1997, respectively. Through the date of sale, the results of operations of the retail credit card business in 1998, including internal allocations of the provision for credit losses, interest expense and other expenses, were essentially break-even. On the same basis, the Company's retail credit card business incurred losses of approximately $10 million in 1997. Trading account and foreign exchange activity resulted in gains of $315 thousand in 1999, down from $4.0 million in 1998 and $3.7 million in 1997. The decline in 1999 was largely the result of an approximate $3 million loss incurred as a result of a counterparty defaulting on the settlement of outstanding foreign exchange contracts. During 1999, the Company sold bank investment securities resulting in gains of $1.6 million. Similar gains on sales of bank investment securities in 1998 were $1.8 million, compared with losses of $280 thousand in 1997.

Other revenues from operations increased to $86.8 million in 1999, compared with $68.3 million in 1998 (excluding the effect of the contribution of securities to the affiliated foundation) and $42.1 million in 1997. Such amounts include $22.5 million, $17.6 million and $2.3 million in 1999, 1998 and 1997, respectively, of tax-exempt income earned from bank owned life insurance. Also included in other revenues from operations were revenues from the sales of mutual funds and annuities of $24.5 million, $18.0 million and $15.3 million in 1999, 1998 and 1997, respectively. A $7.0 million increase in revenues from letter of credit and other credit-related fees also contributed to the rise in other revenues from operations in 1999 from 1998. Other items that contributed to the increase in 1998 as compared with 1997 include a $3.2 million gain from the sale of the Company's retail credit card business and higher revenues for automated teller machine service fees.

OTHER EXPENSE

Excluding amortization of goodwill and core deposit intangible of $49.7 million in 1999, $34.5 million in 1998 and $7.3 million in 1997; nonrecurring merger-related expenses of $4.7 million and $21.3 million in 1999 and 1998, respectively; and $24.6 million of expense recognized in 1998 related to the previously discussed transfer of securities to an affiliated charitable foundation, other expense totaled $525 million in 1999, 8% higher than $486 million in 1998 and 27% higher than $414 million in 1997. Expenses related to acquired operations significantly contributed to the higher expense levels in 1999 and 1998. However, since the operating systems and support operations related to ONBANCorp, FNB and the former Chase branches have been combined with those of the Company, the Company's operating expenses cannot be precisely divided between or attributed directly to the acquired operations or to the Company as it existed prior to each transaction.

Salaries and employee benefits expense was $285 million in 1999, 10% higher than the $259 million in 1998 and 29% higher than the $220 million in 1997. Salaries and benefits related to acquired operations, merit salary increases, higher expenses for incentive compensation arrangements and higher medical benefit costs were factors for the increase in 1999 from 1998. Salaries and employee benefits related to the operations acquired from ONBANCorp largely contributed to the increased expense level in 1998 over 1997. Merit salary increases and expenses associated with incentive compensation plans also contributed to the 1998 increase. Partially offsetting the impact of these higher expenses were decreases in expense associated with stock appreciation rights of $4.4 million in 1999 as compared with 1998 and $6.3 million in 1998 as compared with 1997. The number of

full-time equivalent employees was 6,171 at December 31, 1999, compared with 6,044 at December 31, 1998 and 4,781 at December 31, 1997.

Excluding one time merger-related expenses, the already discussed charitable contributions expense in 1998, and amortization of goodwill and core deposit intangible, nonpersonnel expense totaled $240 million in 1999, 5% higher than $228 million in 1998. Higher equipment and net occupancy expenses, largely attributable to the impact of the operations acquired in 1998 and 1999, were significant factors contributing to the rise. Nonpersonnel expense was $194 million in 1997, after excluding amortization of goodwill and core deposit intangible. The increase in expenses from 1997 to 1998 was largely the result of expenses related to the acquired operations of ONBANCorp plus an increase in the amortization of capitalized servicing rights. Amortization of capitalized servicing rights totaled $19.8 million in 1999, $19.7 million in 1998 and $14.4 million in 1997. Partially offsetting the expense increases from 1997 to 1998 was an $8.1 million decline in co-branded credit card rebate and other operating expenses based on card usage.

INCOME TAXES

The provision for income taxes was $153 million in 1999, up from $118 million in 1998 and $106 million in 1997. The effective tax rates were 36.5% in 1999, 36.1% in 1998 and 37.5% in 1997. A reconciliation of income tax expense to the amount computed by applying the statutory federal income tax rate to pre-tax income is provided in note 11 of Notes to Financial Statements.

INTERNATIONAL ACTIVITIES

The Company's net investment in international assets was $27 million and $33 million at December 31, 1999 and 1998, respectively. Total offshore deposits were $243 million at December 31, 1999 and $303 million at December 31, 1998.

LIQUIDITY, MARKET RISK, AND INTEREST RATE SENSITIVITY

As a financial intermediary, the Company is exposed to various risks including liquidity and market risk. Liquidity refers to the Company's ability to ensure 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. Liquidity risk arises whenever the maturities of financial instruments included in assets and liabilities differ.

Core deposits have historically been the most significant funding source for the Company. Core deposits are generated from a large base of consumer, corporate and institutional customers, which over the past several years has become more geographically diverse as a result of acquisitions and expansion of the Company's businesses. Nevertheless, in recent years the Company has faced increased competition in offering services and products from a large array of financial market participants, including banks, thrifts, mutual funds, securities dealers and others. As a result, and consistent with banking industry experience in general, the Company has experienced a reduction in the percentage of earning assets funded by core deposits. Core deposits financed 63% of the Company's earning assets at December 31, 1999, compared with 62% and 64% at December 31, 1998 and 1997, respectively.

The Company supplements funding provided through core deposits with

various short-term and long-term wholesale borrowings, including Federal funds purchased and securities sold under agreements to repurchase, brokered certificates of deposit, and borrowings from the FHLB and others. M&T Bank had a credit facility with the FHLB aggregating $2.3 billion at December 31, 1999. Outstanding borrowings totaled $1.8 billion at December 31, 1999 and $1.5 billion at December 31, 1998. Such borrowings are secured by loans and investment securities. M&T Bank and M&T Bank, N.A. had available lines of credit with the Federal Reserve Bank of New York totaling approximately $4 billion. The amounts of these lines are dependent upon the balance of loans and securities pledged as collateral. There were no borrowings outstanding under these lines at either December 31, 1999 or 1998. Although informal and sometimes reciprocal, sources of funding are available to the Company through various arrangements for unsecured short-term borrowings from a wide group of banks and other financial institutions. In addition to deposits and borrowings, other sources of liquidity include 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.

M&T's primary source of funds to pay for operating expenses, stockholder dividends and treasury stock repurchases has historically been the receipt of dividends from its banking subsidiaries, which are subject to various regulatory limitations. These historic sources of cash flow were augmented in 1997 by the proceeds from issuance of $250 million of trust preferred securities, which provided a substantial portion of M&T's funding needs during 1998 and 1997. Additional information regarding the trust preferred securities is included in note 8 of Notes to Financial Statements. M&T also maintains a $30 million line of credit with an unaffiliated commercial bank, of which borrowings outstanding at December 31, 1999 totaled $29 million. A similar $25 million line of credit that expired during 1999 was entirely available for borrowing at December 31, 1998.

Management closely monitors the Company's liquidity position for compliance with internal policies and believes that available sources of liquidity are adequate to meet funding needs anticipated in the normal course of business. Furthermore, 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.

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, which 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 years 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 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 Company has entered into interest rate swap agreements to help manage exposure to interest rate risk. At December 31, 1999, the aggregate notional amount of interest rate swaps entered into for interest rate risk management purposes was approximately $2.0 billion, including approximately $373 million of forward starting swaps. Information about interest rate swaps entered into for interest rate risk

management purposes is included herein under "Net Interest Income/Lending and Funding Activities" and in note 16 of Notes to Financial Statements.

The Company's Asset-Liability Committee, which includes members of senior management, monitors 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 action, 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 14 as of December 31, 1999 and 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.

Many assumptions were utilized by the Company to calculate the impact that changes in interest rates may have on the Company's net interest income. The more significant assumptions relate to the rate of 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 assumed gradual changes in rates of 100 and 200 basis points up and down during a twelve-month period. As these assumptions are inherently uncertain, the Company cannot precisely predict the impact of changes in interest rates on net interest income. Actual results may differ significantly from those presented 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.

In accordance with industry practice, cumulative totals of net assets (liabilities) repricing on a contractual basis within the specified time frames, as adjusted for the impact of interest rate swap agreements entered into for interest rate risk management purposes, are presented in the accompanying table 15. Management believes this measure does not appropriately depict interest rate risk since changes in interest rates do not necessarily affect all categories of earning assets and interest-bearing liabilities equally nor, as assumed in the table, on the contractual maturity or repricing date. Furthermore, this static presentation of interest rate risk fails to consider the effect of ongoing lending and deposit gathering activities, projected changes in balance sheet composition or any subsequent interest rate risk management activities the Company is likely to implement.

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 currencies 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 and other option and futures contracts totaled $799 million and $573 million,

respectively, at December 31, 1999 and $436 million and $2.0 billion, respectively, at December 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 values of all trading account assets and liabilities were $641 million and $633 million, respectively, at December 31, 1999 and $173 million and $51 million, respectively, at December 31, 1998. Included in trading account assets at December 31, 1999 were mortgage-backed securities which M&T held as collateral securing certain agreements to resell securities. The obligations to return such collateral were recorded as noninterest-bearing trading account liabilities and were included in accrued interest and other liabilities in the Company's consolidated balance sheet. The fair value of such collateral (and the related obligation to return collateral) was $600 million at December 31, 1999. There was no similar collateral held at December 31, 1998.

Given the Company's policies, limits and positions, management believes that the potential loss exposure to the Company resulting from market risk associated with trading activities was not material as of December 31, 1999 and 1998. Additional information related to trading derivative contracts is included in note 16 of Notes to Financial Statements.

CAPITAL

Stockholders' equity at December 31, 1999 was $1.8 billion or 8.02% of total assets, compared with $1.6 billion or 7.78% at December 31, 1998 and $1.0 billion or 7.36% at December 31, 1997. On a per share basis, stockholders' equity increased 12% to $232.41 at December 31, 1999 from $207.94 at December 31, 1998 and was up 49% from $155.86 at December 31, 1997. Excluding goodwill and core deposit intangible, net of applicable tax effect, tangible equity per share was $151.40 at December 31, 1999, compared with $139.89 at December 31, 1998 and $153.24 at December 31, 1997. The ratio of average total stockholders' equity to average total assets was 8.24%, 8.20% and 7.16% in 1999, 1998 and 1997, respectively.

M&T issued shares of common stock in 1999 and 1998 to complete the acquisitions of FNB and ONBANCorp. On June 1, 1999, 122,516 shares of common stock were issued to former holders of FNB common stock resulting in an addition to stockholders' equity of $58.7 million. 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 to purchase 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 December 31, 1999 reflected a loss of $26.0 million, or $3.37 per share, for the net after-tax impact of unrealized losses on investment securities classified as available for sale, compared with unrealized gains of $2.9 million, or $.37 per common share, at December 31, 1998 and $12.0 million, or $1.82 per common share, at December 31, 1997. Such unrealized gains or losses are generally due to changes in interest rates and 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.

Cash dividends on M&T's common stock of $35.1 million were paid in 1999, compared with $29.0 million and $21.2 million in 1998 and 1997, respectively. In the third quarter of 1999 M&T's quarterly common stock dividend rate was increased to $1.25 per share from $1.00 per share. In total, dividends per common share increased to $4.50 in 1999 from $3.80 in 1998 and $3.20 in 1997.

The rate of internal capital generation, or net income (excluding the after-tax effect of gains or losses from sales of bank investment securities) less dividends paid expressed as a percentage of average total stockholders' equity, was 13.22% in 1999, 11.86% in 1998 and 16.28% in 1997.

During 1999, 1998 and 1997, M&T repurchased an aggregate of 854,438 shares of its common stock at an aggregate cost of $379.4 million: 167,833 shares in 1999, 479,532 shares in 1998 and 207,073 shares in 1997, at a cost of $79.8 million, $231.8 million and $67.8 million, respectively. In November 1999, M&T announced its intent to repurchase and hold as treasury stock up to 190,465 shares of common stock for reissuance upon the possible future exercise of outstanding stock options. As of December 31, 1999, M&T had repurchased 31,910 shares of common stock pursuant to such plan at an average cost of $465.28 per share.

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. Core capital includes the $319 million carrying value of trust preferred securities. As of December 31, 1999, total capital further included $130 million of subordinated notes issued by M&T Bank in prior years. The capital ratios of the Company and its banking subsidiaries, M&T Bank and M&T Bank, N.A., as of December 31, 1999 and 1998 are presented in note 20 of Notes to Financial Statements.

YEAR 2000

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. Over the past several years the Company devoted resources to identify, remediate as appropriate, and test its own Computer Systems and to monitor and test as appropriate Computer Systems of entities doing business with or providing services to the Company. As a result of such efforts, the Company is not aware of any significant adverse impact resulting from the failure of Computer Systems on which it relies to accurately process date data before or after January 1, 2000. Nevertheless, in 2000 the Company will continue to monitor its Computer Systems and the performance of commercial and other loan customers, funds providers, and capital market/asset management counterparties for indications of Year 2000-related problems.

Through December 31, 1999, the Company spent approximately $8.6 million (including approximately $3.2 million during 1999, $3.8 million in 1998 and $1.2 million in 1997) in addressing its potential Year 2000 problems. Management believes that the Company is continuing to devote appropriate financial and human resources to monitor its Computer Systems and the ongoing performance of customers and others, however, it is anticipated that additional costs related to such activities will not be significant. A majority of the Company's Year 2000-related costs were internal costs and constituted resources that would otherwise have been reallocated within the Company. Such reallocation did not have a material adverse impact on the

Company's financial condition or results of operations.

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.

FOURTH QUARTER RESULTS

M&T reported net income in the fourth quarter of 1999 of $66.1 million or $8.20 of diluted earnings per common share, increases of 14% and 15%, respectively, from $57.8 million or $7.14 per diluted share in the final quarter of 1998. Basic earnings per share were up 14% to $8.48 in the recent quarter from $7.44 in the year-earlier quarter. Net income for the fourth quarter of 1999 expressed as an annualized rate of return on average assets was 1.18% compared with 1.14% in the comparable 1998 quarter. The annualized rate of return on average common stockholders' equity in the recent quarter was 14.58%, compared with 14.20% in 1998's fourth quarter. Cash net income in the fourth quarter of 1999 rose to $78.4 million, up 17% from $67.3 million earned in the year-earlier quarter. Diluted cash earnings per share increased 17% to $9.73 in 1999's final quarter from $8.31 in the comparable 1998 period. Cash return on average tangible assets was an annualized 1.45% in the recent quarter, compared with 1.36% in the corresponding 1998 quarter. Cash return on average tangible common equity rose to an annualized 26.67% in the fourth quarter of 1999 from 24.57% in the year-earlier quarter. Excluding nonrecurring expenses and amortization of acquired intangibles, the impact of the Chase branch acquisition in the fourth quarter of 1999 on net income was negligible.

Taxable-equivalent net interest income rose to $199 million in the fourth quarter of 1999, an increase of $22 million or 12% from $177 million in the comparable 1998 quarter. An 11% increase in average loans and leases outstanding and a widening of the net interest margin were significant factors contributing to the improvement in net interest income. Average loans and leases for the fourth quarter of 1999 totaled $17.1 billion, up from $15.4 billion during the year-earlier quarter. Earning assets averaged $19.8 billion in the final quarter of 1999, an 8% increase from $18.4 billion in the corresponding 1998 quarter. Net interest margin was 3.99% in the fourth quarter of 1999, up from 3.82% in 1998's final quarter. The yield on earning assets was 7.85% in the recent quarter, up 8 basis points from 7.77% in the year-earlier period when competitive pressure on interest rates charged for loans originated in 1998 had the impact of lowering loan yields. The rate paid on interest-bearing liabilities was 4.43% in 1999's final quarter, compared with 4.50% in the year-earlier period. The resulting net interest spread was 3.42% in the recent quarter, compared with 3.27% in the fourth quarter of 1998. During the third and fourth quarters of 1999, the Federal Reserve took actions to increase the general level of interest rates. Although not necessarily indicative of a trend or of future results, the net interest spread in 1999's fourth quarter was below that achieved in any other quarter of 1999.

The provision for credit losses was $14.0 million in the fourth quarter of 1999, up from $7.5 million in the corresponding 1998 quarter. Net charge-offs totaled $12.8 million in 1999's fourth quarter, compared with $10.7 million in the year-earlier period. The increase in net charge-offs from the fourth quarter of 1998 was largely due to a $5.0 million partial charge-off of a commercial loan in the recent quarter. Net charge-offs as an annualized percentage of average loans and leases were .30% in the final 1999 quarter, compared with .28% in the corresponding 1998 quarter. Largely due to the impact of the third quarter increase in fees charged for certain deposit services and higher revenues from letter of credit and other credit-related

fees, other income increased 8% to $70.4 million in the fourth quarter of 1999 from $65.0 million in the fourth quarter of 1998. Reflecting the impact of expenses related to the FNB and Chase branch transactions, primarily expenses for salaries and benefits, equipment and net occupancy, and amortization of goodwill and core deposit intangible, other expense increased 7% to $149.0 million in 1999's final quarter from $138.8 million in the corresponding 1998 period.

SEGMENT INFORMATION

In accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related 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 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 19 of Notes to Financial Statements. 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 and the financial results of such segments are not necessarily comparable with similar information reported by other financial institutions. Furthermore, changes in management structure or allocation methodologies and procedures may result in changes in reported segment financial data. Financial information about the Company's segments is presented in note 19 of Notes to Financial Statements.

The Commercial Banking segment provides a wide range of credit products and banking services for middle-market and large commercial customers, largely within the markets the Company serves. Among the services provided by this segment are commercial lending and leasing, deposit products, and cash management services. The Commercial Banking segment's earnings rose 15% to $77.6 million in 1999 from $67.4 million in 1998. The higher net income in 1999 when compared with 1998 resulted largely from increases of $17.8 million in net interest income, resulting from a 17% increase in average loans outstanding, and of $6.1 million in letter of credit and other credit-related fee income. Growth in most markets served by the Company, as well as the full year impact of loans acquired from ONBANCorp, contributed to the higher loan balances. Reflecting higher net charge-offs, including charge-offs of $11.2 million related to one commercial customer, the segment's provision for credit losses increased to $11.3 million in 1999 from $3.0 million in 1998. Net income in 1997 was $54.3 million. Higher net interest income of $26.8 million, the result of commercial loans obtained from ONBANCorp and loan growth in most of the markets already served by the Company, was the leading factor contributing to the increase in net income from 1997 to 1998.

The Commercial Real Estate segment provides credit and deposit services to its customers. Loans are largely secured by properties in the New York City metropolitan area and in Western New York, however, loans are also originated in the other regions in New York State and northeastern Pennsylvania. Commercial real estate loans may be secured by apartment/multifamily buildings, office space, retail space, industrial space or other types of collateral. The Commercial Real Estate segment earned $64.2 million in 1999, an increase of 12% from $57.3 million earned a year

earlier. Higher net interest income of $12.8 million, the result of a 15% increase in average loan balances outstanding, was the major factor for the increase in net income. Higher loan balances were due to loan growth in substantially all markets served by the Company and the full-year impact of commercial real estate loans acquired from ONBANCorp. The Commercial Real Estate segment earned $53.0 million in 1997. The impact of commercial real estate loans added to the Company's portfolio in the ONBANCorp transaction contributed to the growth in this segment's net income from 1997 to 1998.

The Discretionary Portfolio segment includes securities, residential mortgage loans and other assets; short-term and long-term borrowed funds; brokered certificates of deposit and interest rate swaps related thereto; and offshore branch deposits. This segment also provides services to commercial customers and consumers that include foreign exchange, securities trading and municipal bond underwriting and sales. The Discretionary Portfolio segment contributed net income of $38.2 million in 1999, compared with $31.7 million in 1998 and $18.5 million in 1997. A $4.9 million increase in tax-exempt income earned from bank owned life insurance and higher net interest income from holdings of residential mortgage loans contributed to the increase in 1999. Partially offsetting these increases was the previously mentioned $3 million settlement loss on foreign exchange contracts. The improvement from 1997 to 1998 was attributable to a $15.3 million rise in tax-exempt income earned from bank owned life insurance. The April 1, 1998 ONBANCorp acquisition added approximately $.9 billion of residential mortgage loans and $.8 billion of investment securities to the average balance of the Company's discretionary portfolio that also contributed to 1998's improvement.

The Residential Mortgage Banking segment originates and services residential mortgage loans for consumers and sells substantially all of those loans in the secondary market to investors or to banking subsidiaries of M&T. The Company maintains mortgage loan origination offices in New York State, as well as Arizona, Colorado, Idaho, Massachusetts, Ohio, Oregon, Pennsylvania, Utah and Washington. The Company also periodically purchases the rights to service residential mortgage loans. Residential mortgage loans held for sale are included in this segment. Net income of this segment was $20.8 million in 1999, compared with $19.5 million in 1998 and $11.0 million in 1997. A $6.2 million decrease in noninterest expenses associated with origination and servicing activities, partially offset by a $4.1 million decline in revenue, led to the improved net income in this segment during 1999 as compared with 1998. The lower expense level included a $1.7 million decrease in the valuation allowance for capitalized servicing assets during 1999, compared with a $1.0 million addition to such allowance in 1998. The decline in revenue was the result of a lower volume of loans originated for sale during 1999 as compared with 1998, including loans originated for transfer to M&T's bank subsidiaries. The increase in net income from 1997 to 1998 was largely the result of an 81% increase in residential mortgage loans originated and a 14% increase in loans serviced, including loans transferred to and serviced for M&T's bank subsidiaries. A favorable interest rate environment was the primary factor leading to the increased origination volume in 1998.

The Retail Banking segment offers a variety of consumer and small business services through several delivery channels which include traditional and "in-store" banking offices, automated teller machines, telephone banking and personal computer banking. The Company has banking offices throughout New York State and in northeastern Pennsylvania. The Retail Banking segment also offers certain deposit and loan products on a nationwide basis through M&T Bank, N.A. Credit services offered by this segment include consumer installment loans, student loans, automobile loans and leases (both directly and indirectly through dealers), home equity loans and lines of credit, and loans and leases to small businesses. The financial results of Retail Banking also include the $3.2 million gain that resulted from the sale of the

retail credit card business in July 1998 and the results of providing retail credit card services to customers. The segment also offers to its customers deposit products, including demand, savings and time accounts; investment products, including mutual funds and annuities; and other services. The Retail Banking segment reported net income of $111.5 million in 1999, up 11% from $100.1 million in 1998. The impact of the acquisitions of FNB on June 1, 1999 and ONBANCorp on April 1, 1998 and increased service charges on deposit accounts, reflecting third quarter 1999 rate increases, were the leading factors contributing to the increase. In 1997, Retail Banking had net income of $65.7 million. The increase from 1997 to 1998 was largely the result of the April 1, 1998 acquisition of ONBANCorp and a $16.3 million decrease in the provision for credit losses. The decrease in the provision was largely due to the July 1998 sale of the Company's retail credit card business and the 1997 and 1998 termination of all of the Company's co-branded credit card programs.

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED

In June 1998, the Financial Accounting Standards Board ("FASB") issued 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.

Pursuant to SFAS No. 133, the accounting for changes in the fair value of a derivative will depend on the intended use of the derivative and the resulting designation. An entity that elects to apply hedge accounting will be 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 was to be effective for all fiscal quarters of fiscal years beginning after June 15, 1999. In June 1999, the FASB amended SFAS No. 133, deferring the effective date by one year. Initial application of SFAS No. 133 must 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 begins after issuance of the statement. SFAS No. 133 may not be applied retroactively to financial statements of prior periods.

The manner of adoption expected to be utilized by the Company has yet to be determined and, as a result, the estimated impact that adopting the provisions of SFAS No. 133 will have on the Company's financial statements has not been quantified. The Company anticipates that adoption of SFAS No. 133 could increase the volatility of reported earnings and stockholders' equity and could result in the modification of certain data processing systems and hedging practices.

FORWARD-LOOKING STATEMENTS

This Financial Review and other sections of this Annual 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; legislation affecting the financial services industry as a whole, and the Company individually; 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

Table 1

FINANCIAL HIGHLIGHTS

	1999	1998	Change
FOR THE YEAR			
PERFORMANCE			
Net income (thousands)	$265,626	207,974	+ 28%
Return on			
Average assets	1.26%	1.14%	
Average common equity	15.30%	13.86%	
Net interest margin	4.02%	4.01%	
Net charge-offs/average loans	.25%	.28%	
Efficiency ratio*	54.80%	56.24%	
PER COMMON SHARE DATE			
Basic earnings	$ 34.05	27.30	+ 25%
Diluted earnings	32.83	26.16	+ 25%
Cash dividends	4.50	3.80	+ 18%
CASH (TANGIBLE) OPERATING RESULTS**			
Net income (thousands)***	$311,001	251,922	+ 23%
Diluted earnings per common share***	38.44	31.69	+ 21%
Return on			
Average tangible assets	1.52%	1.41%	
Average tangible common equity	26.71%	23.08%	
Efficiency ratio*	50.06%	52.51%	
AT DECEMBER 31			
BALANCE SHEET DATA (MILLIONS)			
Loans and leases,			
net of unearned discount	$ 17,407	15,792	+ 10%
Total assets	22,409	20,584	+ 9%
Deposits	15,374	14,737	+ 4%
Stockholders' equity	1,797	1,602	+ 12%
LOAN QUALITY			
Allowance for credit losses/net loans	1.82%	1.94%	
Nonperforming assets ratio	.65%	.81%	
CAPITAL			
Tier 1 risk-based capital ratio	8.27%	8.40%	
Total risk-based capital ratio	10.25%	10.56%	
Leverage ratio	6.92%	7.02%	
Common equity/total assets	8.02%	7.78%	
Common equity (book value) per share	$ 232.41	207.94	+ 12%
Tangible common equity per share	151.40	139.89	+ 8%
Market price per share:			
Closing	414.25	518.94	- 20%
High	582.50	582.00	
Low	406.00	400.00	

*Excludes impact of nonrecurring merger-related expenses, net securities transactions and contribution of appreciated investment securities to affiliated, tax-exempt charitable foundation in 1998.

**Excludes amortization and balances related to goodwill and core deposit intangible and nonrecurring merger-related expenses which, except in the calculation of the efficiency ratio, are net of applicable income tax effects.

***Cash net income excludes the after tax impact of nonrecurring merger-related expenses of $3.0 million of $.37 per diluted share in 1999 and $14.0 million or $1.76 per diluted share in 1998.

M&T BANK CORPORATION AND SUBSIDIARIES

Table 2

QUARTERLY TRENDS

	1999 Quarters			
	Fourth	Third	Second	First
EARNINGS AND DIVIDENDS				
AMOUNTS IN THOUSANDS, EXCEPT PER SHARE				
Interest income (taxable-equivalent basis)	$391,792	375,021	361,158	358,370
Interest expense	192,766	179,961	171,269	175,238
Net interest income	199,026	195,060	189,889	183,132
Less: provision for credit losses	14,000	13,500	8,500	8,500
Other income	70,354	72,499	66,806	72,716
Less: other expense	149,047	144,898	145,547	139,466
Income before income taxes	106,333	109,161	102,648	107,882
Applicable income taxes	38,132	39,633	35,772	39,151
Taxable-equivalent adjustment	2,083	1,964	1,838	1,825
Net income	$ 66,118	67,564	65,038	66,906
Per common share data				
Basic earnings	$8.48	8.57	8.35	8.65
Diluted earnings	8.20	8.29	8.00	8.34
Cash dividends	$1.25	1.25	1.00	1.00
Average common shares outstanding				
Basic	7,795	7,880	7,793	7,731
Diluted	8,058	8,147	8,132	8,023
PERFORMANCE RATIOS, ANNUALIZED				
Return on				
Average assets	1.18%	1.27%	1.27%	1.34%
Average common stockholders' equity	14.58%	14.97%	15.23%	16.56%
Net interest margin on average earning assets (taxable-equivalent basis)	3.99%	4.03%	4.09%	3.98%
Nonperforming assets to total assets, at end of quarter	.51%	.58%	.56%	.62%
Efficiency ratio *	55.33%	53.62%	55.72%	54.56%
CASH (TANGIBLE) OPERATING RESULTS **				
Net income (in thousands)	$78,443	79,714	76,511	76,333
Diluted net income per common share	9.73	9.78	9.41	9.51
Annualized return on				
Average tangible assets	1.45%	1.54%	1.53%	1.57%
Average tangible common stockholders' equity	26.67%	26.43%	26.13%	27.66%
Efficiency ratio *	49.71%	48.91%	51.36%	50.31%
BALANCE SHEET DATA				
DOLLARS IN MILLIONS, EXCEPT PER SHARE				
Average balances				
Total assets	$22,147	21,183	20,579	20,298
Earning assets	19,806	19,184	18,636	18,664
Investment securities	1,974	2,048	2,064	2,497
Loans and leases, net of unearned discount	17,147	16,678	16,056	15,761
Deposits	15,472	14,821	14,578	14,497
Stockholders' equity	1,800	1,791	1,713	1,638
At end of quarter				
Total assets	$22,409	21,759	21,205	20,285
Earning assets	19,964	19,467	19,050	18,382
Investment securities	1,901	1,953	2,078	2,088
Loans and leases, net of unearned discount	17,407	16,984	16,513	15,813
Deposits	15,374	15,417	14,909	14,476
Stockholders' equity	1,797	1,817	1,773	1,667
Equity per common share	232.41	230.51	224.81	215.34
Tangible equity per common share	151.40	149.37	149.14	148.95
MARKET PRICE PER COMMON SHARE				
High	$512	575	582 1/2	518 3/4
Low	406	412 1/2	462 1/2	464
Closing	414 1/4	459	550	479

	1998 Quarters			
	Fourth	Third	Second	First
EARNINGS AND DIVIDENDS				
AMOUNTS IN THOUSANDS, EXCEPT PER SHARE				
Interest income (taxable-equivalent basis)	360,571	361,921	364,838	279,306
Interest expense	183,424	184,850	184,644	134,585
Net interest income	177,147	177,071	180,194	144,721

Less: provision for credit losses	7,500	10,500	13,200	12,000
Other income	64,985	63,986	65,075	68,893
Less: other expense	138,756	138,490	155,004	133,873
Income before income taxes	95,876	92,067	77,065	67,741
Applicable income taxes	36,064	33,693	30,587	17,245
Taxable-equivalent adjustment	1,969	1,897	1,779	1,541
Net income	57,843	56,477	44,699	48,955
Per common share data				
Basic earnings	7.44	7.09	5.55	7.34
Diluted earnings	7.14	6.81	5.32	7.01
Cash dividends	1.00	1.00	1.00	.80
Average common shares outstanding				
Basic	7,778	7,966	8,051	6,666
Diluted	8,105	8,288	8,409	6,981
PERFORMANCE RATIOS, ANNUALIZED				
Return on				
Average assets	1.14%	1.15%	.92%	1.41%
Average common stockholders' equity	14.20%	13.48%	10.77%	18.86%
Net interest margin on average earning assets (taxable-equivalent basis)	3.82%	3.93%	4.02%	4.39%
Nonperforming assets to total assets, at end of quarter	.62%	.67%	.69%	.53%
Efficiency ratio*	57.56%	56.30%	56.45%	54.29%
CASH (TANGIBLE) OPERATING RESULTS**				
Net income (in thousands)	67,326	67,703	65,445	51,448
Diluted net income per common share	8.31	8.17	7.78	7.37
Annualized return on				
Average tangible assets	1.36%	1.42%	1.38%	1.49%
Average tangible common stockholders' equity	24.57%	23.90%	23.50%	20.13%
Efficiency ratio*	53.03%	51.78%	52.01%	53.37%
BALANCE SHEET DATA				
DOLLARS IN MILLIONS, EXCEPT PER SHARE				
Average balances				
Total assets	20,101	19,455	19,547	14,055
Earning assets	18,401	17,881	17,992	13,357
Investment securities	2,617	2,533	2,858	1,614
Loans and leases, net of unearned discount	15,389	15,124	14,978	11,602
Deposits	14,617	14,552	14,726	10,988
Stockholders' equity	1,616	1,662	1,664	1,053
At end of quarter				
Total assets	20,584	19,478	20,138	14,570
Earning assets	18,926	17,905	18,419	13,778
Investment securities	2,786	2,446	2,707	1,530
Loans and leases, net of unearned discount	15,792	15,163	15,245	12,033
Deposits	14,737	14,394	14,813	11,085
Stockholders' equity	1,602	1,649	1,659	1,069
Equity per common share	207.94	209.03	207.18	160.06
Tangible equity per common share	139.89	141.43	139.37	157.75
MARKET PRICE PER COMMON SHARE				
High	539 1/2	582	554	504
Low	400	410	480	429
Closing	518 15/16	461	554	499 7/8

* Excludes impact of nonrecurring merger-related expenses, net securities transactions and contribution of appreciated investment securities to affiliated, tax-exempt charitable foundation during the quarter ended March 31, 1998.

** Excludes amortization and balances related to goodwill and core deposit intangible and nonrecurring merger-related expenses which, except in the calculation of the efficiency ratio, are net of applicable income tax effects.

Table 3

EARNINGS SUMMARY
DOLLARS IN MILLIONS

Increase (decrease)* 1998 to 1999 Amount	%	Increase (decrease)* 1997 to 1998 Amount	%		1999	1998	1997	1996	1995	Compound growth rate 5 years 1994 to 1999
$ 119.7	9	$ 293.3	27	Interest income**	$ 1,486.3	1,366.6	1,073.3	1,004.4	935.1	15 %
31.7	5	179.4	35	Interest expense	719.2	687.5	508.1	466.4	441.7	21
88.0	13	113.9	20	Net interest income**	767.1	679.1	565.2	538.0	493.4	10
1.3	3	(2.8)	(6)	Less: provision for credit losses	44.5	43.2	46.0	43.3	40.4	(6)
(.2)	-	2.1	-	Gain (loss) on sales of bank investment securities	1.6	1.8	(.3)	-	4.5	-
19.6	8	70.4	37	Other income	280.8	261.2	190.8	167.8	142.8	18
25.3	10	39.5	18	Less: Salaries and employee benefits	284.8	259.5	220.0	208.3	188.2	12
(12.5)	(4)	104.8	52	Other expense	294.1	306.6	201.8	200.7	186.3	11
93.3	28	44.9	16	Income before income taxes	426.1	332.8	287.9	253.5	225.8	16
.6	8	1.4	24	Less: Taxable-equivalent adjustment**	7.8	7.2	5.8	4.5	4.7	14
35.1	30	11.7	11	Income taxes	152.7	117.6	105.9	97.9	90.1	15
57.6	28	$ 31.8	18	Net income	$ 265.6	208.0	176.2	151.1	131.0	18 %

* CHANGES WERE CALCULATED FROM UNROUNDED AMOUNTS.

** INTEREST INCOME DATA ARE ON A TAXABLE-EQUIVALENT BASIS. THE TAXABLE-EQUIVALENT ADJUSTMENT REPRESENTS ADDITIONAL INCOME TAXES THAT WOULD BE DUE IF ALL INTEREST INCOME WERE SUBJECT TO INCOME TAXES. THIS ADJUSTMENT, WHICH IS RELATED TO INTEREST RECEIVED ON QUALIFIED MUNICIPAL SECURITIES, INDUSTRIAL REVENUE FINANCINGS AND PREFERRED EQUITY SECURITIES OF GOVERNMENT-SPONSORED AGENCIES, IS BASED ON A COMPOSITE INCOME TAX RATE OF APPROXIMATELY 41% FOR 1999, 1998 AND 1997, AND 42% FOR 1996 AND 1995.

Table 4

AVERAGE LOANS AND LEASES
(NET OF UNEARNED DISCOUNT)

DOLLARS IN MILLIONS	1999	Percent increase (decrease) from 1998 to 1999	Percent increase (decrease) from 1997 to 1998
Commercial, financial, etc.	$3,331	18%	25%
Real estate - commercial	5,908	18	20
Real estate - consumer	4,182	14	65
Consumer			
Automobile	1,446	11	25
Home equity	805	11	12
Credit cards	10	(93)	(49)
Other	733	20	73
Total consumer	2,994	8	20
Total	$16,415	15%	30%

M&T BANK CORPORATION AND SUBSIDIARIES

Table 5

AVERAGE BALANCE SHEETS AND TAXABLE-EQUIVALENT RATES

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1999 Average balance	1999 Interest	1999 Average rate	1998 Average balance	1998 Interest
Assets					
Earning assets					
Loans and leases, net of unearned discount*					
Commercial, financial, etc.	$ 3,331	$ 268,279	8.05%	2,831	235,628
Real estate	10,090	807,761	8.01	8,682	715,666
Consumer	2,994	249,670	8.34	2,773	249,567
Total loans and leases, net	16,415	1,325,710	8.08	14,286	1,200,861
Money-market assets					
Interest-bearing deposits at banks	2	87	3.78	10	400
Federal funds sold and agreements to resell securities	467	24,491	5.24	153	8,293
Trading account	48	3,221	6.71	67	4,524
Total money-market assets	517	27,799	5.37	230	13,217
Investment securities**					
U.S. Treasury and federal agencies	920	53,108	5.77	1,448	88,030
Obligations of states and political subdivisions	74	4,660	6.28	73	4,566
Other	1,150	75,064	6.53	887	59,962
Total investment securities	2,144	132,832	6.20	2,408	152,558
TOTAL EARNING ASSETS	19,076	1,486,341	7.79	16,924	1,366,636
Allowance for credit losses	(312)			(302)	
Cash and due from banks	464			394	
Other assets	1,829			1,293	
Total assets	$21,057			18,309	
Liabilities and stockholders' equity					
Interest-bearing liabilities					
Interest-bearing deposits					
NOW accounts	$ 389	4,683	1.21	327	4,851
Savings deposits	5,163	121,888	2.36	4,430	115,345
Time deposits	7,074	367,889	5.20	7,022	388,185
Deposits at foreign office	254	12,016	4.73	288	14,973
Total interest-bearing deposits	12,880	506,476	3.93	12,067	523,354
Short-term borrowings	2,056	104,911	5.10	1,923	105,582
Long-term borrowings	1,748	107,847	6.17	835	58,567
TOTAL INTEREST-BEARING LIABILITIES	16,684	719,234	4.31	14,825	687,503
Noninterest-bearing deposits	1,965			1,666	
Other liabilities	672			317	
Total liabilities	19,321			16,808	
Stockholders' equity	1,736			1,501	
Total liabilities and stockholders' equity	$21,057			18,309	
Net interest spread			3.48		
Contribution of interest-free funds			.54		
Net interest income/margin on earning assets		$ 767,107	4.02%		679,133

*INCLUDES NONACCRUAL LOANS.

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1997 Average rate	1997 Average balance	1997 Interest	1997 Average rate
Assets				
Earning assets				
Loans and leases, net of unearned discount*				
Commercial, financial, etc.	8.32 %	2,257	190,189	8.43 %
Real estate	8.24	6,408	552,793	8.63
Consumer	9.00	2,308	213,942	9.27
Total loans and leases, net	8.41	10,973	956,924	8.72
Money-market assets				

Interest-bearing deposits at banks	3.86	42	2,475	5.95
Federal funds sold and agreements to resell securities	5.43	55	2,989	5.42
Trading account	6.79	26	1,937	7.27
Total money-market assets	5.75	123	7,401	6.00
Investment securities**				
U.S. Treasury and federal agencies	6.08	1,122	70,968	6.33
Obligations of states and political subdivisions	6.29	43	2,832	6.61
Other	6.76	534	35,214	6.59
Total investment securities	6.33	1,699	109,014	6.42
TOTAL EARNING ASSETS	8.08	12,795	1,073,339	8.39
Allowance for credit losses		(273)		
Cash and due from banks		308		
Other assets		479		
Total assets		13,309		
Liabilities and stockholders' equity				
Interest-bearing liabilities				
Interest-bearing deposits				
NOW accounts	1.48	257	3,455	1.34
Savings deposits	2.60	3,420	90,907	2.66
Time deposits	5.53	5,818	327,611	5.63
Deposits at foreign office	5.20	230	12,160	5.29
Total interest-bearing deposits	4.34	9,725	434,133	4.46
Short-term borrowings	5.49	812	44,341	5.46
Long-term borrowings	7.02	373	29,619	7.94
TOTAL INTEREST-BEARING LIABILITIES	4.64	10,910	508,093	4.66
Noninterest-bearing deposits		1,228		
Other liabilities		218		
Total liabilities		12,356		
Stockholders' equity		953		
Total liabilities and stockholders' equity		13,309		
Net interest spread	3.44			3.73
Contribution of interest-free funds	.57			.69
Net interest income/margin on earning assets	4.01 %		565,246	4.42 %

*INCLUDES NONACCRUAL LOANS.

AVERAGE BALANCE SHEETS AND TAXABLE-EQUIVALENT RATES

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1996 Average balance	1996 Interest	1996 Average rate
Assets			
Earning assets			
Loans and leases, net of unearned discount*			
Commercial, financial, etc.	$ 2,031	166,170	8.18 %
Real estate	5,893	514,619	8.73
Consumer	2,190	204,831	9.35
Total loans and leases, net	10,114	885,620	8.76
Money-market assets			
Interest-bearing deposits at banks	38	2,413	6.30
Federal funds sold and agreements to resell securities	55	2,985	5.45
Trading account	17	1,100	6.53
Total money-market assets	110	6,498	5.91
Investment securities**			
U.S. Treasury and federal agencies	1,200	74,023	6.17
Obligations of states and political subdivisions	41	2,678	6.57
Other	565	35,598	6.30
Total investment securities	1,806	112,299	6.22
TOTAL EARNING ASSETS	12,030	1,004,417	8.35
Allowance for credit losses	(269)		
Cash and due from banks	334		
Other assets	384		
Total assets	$ 12,479		
Liabilities and stockholders' equity			
Interest-bearing liabilities			
Interest-bearing deposits			
NOW accounts	$ 659	9,430	1.43
Savings deposits	2,956	84,822	2.87
Time deposits	5,137	286,088	5.57
Deposits at foreign office	239	12,399	5.19
Total interest-bearing deposits	8,991	392,739	4.37
Short-term borrowings	1,121	59,442	5.30
Long-term borrowings	189	14,227	7.51
TOTAL INTEREST-BEARING LIABILITIES	10,301	466,408	4.53
Noninterest-bearing deposits	1,169		
Other liabilities	146		
Total liabilities	11,616		
Stockholders' equity	863		
Total liabilities and stockholders' equity	$ 12,479		
Net interest spread			3.82
Contribution of interest-free funds			.65
Net interest income/margin on earning assets		538,009	4.47 %

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1995 Average balance	1995 Interest	1995 Average rate
Assets			
Earning assets			
Loans and leases, net of unearned discount*			
Commercial, financial, etc.	1,804	155,951	8.64 %
Real estate	5,301	473,833	8.94
Consumer	1,752	169,149	9.65
Total loans and leases, net	8,857	798,933	9.02
Money-market assets			
Interest-bearing deposits at banks	110	8,181	7.44
Federal funds sold and agreements			

to resell securities	48	3,007	6.29
Trading account	20	1,339	6.82
Total money-market assets	178	12,527	7.06
Investment securities**			
U.S. Treasury and federal agencies	1,242	74,248	5.98
Obligations of states and political subdivisions	50	3,420	6.90
Other	743	45,988	6.19
Total investment securities	2,035	123,656	6.08
TOTAL EARNING ASSETS	11,070	935,116	8.45
Allowance for credit losses	(254)		
Cash and due from banks	326		
Other assets	343		
Total assets	11,485		
Liabilities and stockholders' equity			
Interest-bearing liabilities			
Interest-bearing deposits			
NOW accounts	761	11,902	1.56
Savings deposits	2,922	87,612	3.00
Time deposits	4,112	239,882	5.83
Deposits at foreign office	133	6,952	5.23
Total interest-bearing deposits	7,928	346,348	4.37
Short-term borrowings	1,423	84,225	5.92
Long-term borrowings	146	11,157	7.64
TOTAL INTEREST-BEARING LIABILITIES	9,497	441,730	4.65
Noninterest-bearing deposits	1,093		
Other liabilities	112		
Total liabilities	10,702		
Stockholders' equity	783		
Total liabilities and stockholders' equity	11,485		
Net interest spread			3.80
Contribution of interest-free funds			.66
Net interest income/margin on earning assets		493,386	4.46 %

*INCLUDES NONACCRUAL LOANS.

**INCLUDES AVAILABLE FOR SALE SECURITIES AT AMORTIZED COST.

Table 6

COMMERCIAL REAL ESTATE LOANS
(net of unearned discount)
December 31, 1999

Dollars in millions	Out-standings	Percent of dollars outstanding by loan size			
		$0-1	$1-5	$5-10	$10+
Metropolitan New York City					
Apartments/Multifamily	$ 1,625.2	7 %	22 %	7 %	14 %
Office	399.4	1	3	3	5
Retail	659.9	3	10	4	3
Construction	127.0	-	1	1	1
Industrial	37.2	1	1	-	-
Other	395.0	1	4	3	5
Total Metropolitan New York City	$ 3,243.7	13 %	41 %	18 %	28 %
Other New York State					
Apartments/Multifamily	$ 309.6	4 %	6 %	2 %	- %
Office	810.2	9	15	5	2
Retail	304.2	4	5	1	1
Construction	237.1	1	3	2	3
Industrial	239.6	5	4	1	-
Other	745.6	11	10	3	3
Total other New York State	$ 2,646.3	34 %	43 %	14 %	9 %
Other					
Apartments/Multifamily	$ 203.5	4 %	17 %	5 %	7 %
Office	21.9	1	2	-	-
Retail	120.0	1	6	3	9
Construction	31.4	-	2	1	2
Industrial	54.9	1	6	2	-
Other	187.5	3	13	5	10
Total other	$ 619.2	10 %	46 %	16 %	28 %
Total commercial real estate loans	$ 6,509.2	21 %	42 %	16 %	21 %

Table 7

AVERAGE CORE DEPOSITS

Dollars in millions	1999	Percent increase from 1998 to 1999	Percent increase from 1997 to 1998
NOW accounts	$ 389	19 %	27 %
Savings deposits	5,163	17	30
Time deposits under $100,000	4,348	1	25
Noninterest-bearing deposits	1,965	18	36
Total	$ 11,865	11 %	29 %

Table 8

INTEREST RATE SWAPS

	Year ended December 31					
	1999		1998		1997	
DOLLARS IN THOUSANDS	Amount	Rate*	Amount	Rate*	Amount	Rate*
Increase (decrease) in:						
Interest income	$ 12,750	.07 %	$ 3,378	.02 %	$ (142)	--- %
Interest expense	(13,350)	(.08)	(12,778)	(.09)	(14,231)	(.13)
Net interest income/margin	$ 26,100	.14 %	$ 16,156	.10 %	$ 14,089	.11 %
Average notional amount**	$ 1,944,813		$ 2,521,426		$ 2,691,638	
Rate received***		6.69 %		6.70 %		6.68 %
Rate paid***		5.35 %		6.06 %		6.16 %

* Computed as a percentage of average earning assets or interest-bearing liabilities.
** Excludes forward-starting interest rate swaps.
*** Weighted-average rate paid or received on interest rate swaps in effect during year.

Table 9

LOAN CHARGE-OFFS, PROVISION AND ALLOWANCE FOR CREDIT LOSSES

DOLLARS IN THOUSANDS	1999	1998	1997	1996	1995
Allowance for credit losses beginning balance	$ 306,347	274,656	270,466	262,344	243,332
Charge-offs during year					
Commercial, financial, agricultural, etc.	19,246	5,457	4,539	6,120	5,475
Real estate - construction	-	950	-	-	-
Real estate - mortgage	5,241	7,210	9,910	7,389	10,750
Consumer	35,168	42,684	44,880	36,037	14,982
Total charge-offs	59,655	56,301	59,329	49,546	31,207
Recoveries during year					
Commercial, financial, agricultural, etc.	2,244	2,783	2,609	3,671	3,967
Real estate - construction	406	-	-	50	87
Real estate - mortgage	3,201	2,894	5,869	3,049	2,137
Consumer	13,486	11,210	9,041	7,573	3,678
Total recoveries	19,337	16,887	17,519	14,343	9,869
Net charge-offs	40,318	39,414	41,810	35,203	21,338
Provision for credit losses	44,500	43,200	46,000	43,325	40,350
Allowance for credit losses acquired during the year	5,636	27,905	-	-	-
Allowance for credit losses ending balance	$ 316,165	306,347	274,656	270,466	262,344
Net charge-offs as a percent of:					
Provision for credit losses	90.60 %	91.24 %	90.89 %	81.25 %	52.88 %
Average loans and leases, net of unearned discount	.25 %	.28 %	.38 %	.35 %	.24 %
Allowance for credit losses as a percent of loans and leases, net of unearned discount, at year-end	1.82 %	1.94 %	2.39 %	2.52 %	2.75 %

Table 10

ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES TO LOAN CATEGORIES

	December 31				
DOLLARS IN THOUSANDS	1999	1998	1997	1996	1995
Commercial, financial, agricultural, etc.	$ 78,019	57,744	42,816	39,556	36,793
Real estate - mortgage	92,982	91,692	70,354	73,879	75,894
Consumer	46,235	45,356	57,757	34,224	23,385
Unallocated	98,929	111,555	103,729	122,807	126,272
Total	$ 316,165	306,347	274,656	270,466	262,344
As a percentage of gross loans and leases outstanding					
Commercial, financial, agricultural, etc.	2.11%	1.76%	1.78%	1.79%	1.83%
Real estate - mortgage	0.92	0.99	1.04	1.19	1.34
Consumer	1.45	1.53	2.47	1.30	1.10

Table 11

NONPERFORMING ASSETS
DOLLARS IN THOUSANDS

December 31	1999	1998	1997	1996	1995
Nonaccrual loans	$ 61,816	70,999	38,588	58,232	75,224
Loans past due 90 days or more	31,017	37,784	30,402	39,652	17,842
Renegotiated loans	10,353	8,262	11,660	-	-
Total nonperforming loans	103,186	117,045	80,650	97,884	93,066
Real estate and other assets owned	10,000	11,129	8,413	8,523	7,295
Total nonperforming assets	$ 113,186	128,174	89,063	106,407	100,361
Government guaranteed nonperforming loans*	$ 16,529	14,316	17,712	25,847	7,779
Nonperforming loans to total loans and leases, net of unearned discount	.59 %	.74 %	.70 %	.91 %	.97 %
Nonperforming assets to total net loans and leases and real estate and other assets owned	.65 %	.81 %	.77 %	.99 %	1.05 %

* INCLUDED IN TOTAL NONPERFORMING LOANS.

Table 12

MATURITY OF DOMESTIC CERTIFICATES OF DEPOSIT AND TIME DEPOSITS
WITH BALANCES OF $100,000 OR MORE

IN THOUSANDS	December 31, 1999
Under 3 months	$ 1,086,712
3 to 6 months	482,737
6 to 12 months	331,832
Over 12 months	748,633
Total	$ 2,649,914

Table 13

MATURITY DISTRIBUTION OF LOANS*
IN THOUSANDS

December 31, 1999	Demand	2000	2001 - 2004	After 2004
Commercial, financial, agricultural, etc.	$ 2,280,423	440,930	569,321	252,656
Real estate - construction	95,121	328,670	93,201	7,576
Total	$ 2,375,544	769,600	662,522	260,232
Floating or adjustable interest rates			$ 501,874	184,811
Fixed or predetermined interest rates			160,648	75,421
Total			$ 662,522	260,232

*The data do not include nonaccrual loans.

Table 14

SENSITIVITY OF NET INTEREST INCOME TO CHANGES IN INTEREST RATES

IN THOUSANDS

Changes in interest rates	Calculated increase (decrease) in projected net interest income — December 31 1999	1998
+200 basis points	$7,996	(7,668)
+100 basis points	4,476	335
- -100 basis points	4,198	5,161
- -200 basis points	2,462	4,498

Table 15

CONTRACTUAL REPRICING DATA
DOLLARS IN THOUSANDS BY REPRICING DATE

December 31, 1999	Three months or less	Four to twelve months	One to five years	After five years	Total
Loans and leases, net	$ 6,582,272	1,575,935	4,918,278	4,330,286	17,406,771
Money-market assets	656,369	659	-	-	657,028
Investment securities	277,614	324,942	392,694	905,272	1,900,522
TOTAL EARNING ASSETS	7,516,255	1,901,536	5,310,972	5,235,558	19,964,321
NOW accounts	583,471	-	-	-	583,471
Savings deposits	5,198,681	-	-	-	5,198,681
Time deposits	1,900,076	2,896,537	2,225,012	66,720	7,088,345
Deposits at foreign office	242,691	-	-	-	242,691
TOTAL INTEREST-BEARING DEPOSITS	7,924,919	2,896,537	2,225,012	66,720	13,113,188
Short-term borrowings	2,483,159	71,000	-	-	2,554,159
Long-term borrowings	372	30,850	1,199,596	544,315	1,775,133
TOTAL INTEREST-BEARING LIABILITIES	10,408,450	2,998,387	3,424,608	611,035	17,442,480
Interest rate swaps	(631,063)	580,635	427,706	(377,278)	-
Periodic gap	$ (3,523,258)	(516,216)	2,314,070	4,247,245	
Cumulative gap	(3,523,258)	(4,039,474)	(1,725,404)	2,521,841	
Cumulative gap as a % of total earning assets	(17.6)%	(20.2)%	(8.6)%	12.6 %	

Table 16

MATURITY AND TAXABLE-EQUIVALENT YIELD OF INVESTMENT SECURITIES

DOLLARS IN THOUSANDS

December 31, 1999	One year or less	One to five years	Five to ten years	Over ten years	Total
INVESTMENT SECURITIES AVAILABLE FOR SALE*					
U.S. Treasury and federal agencies					
Carrying value	$ 14,119	148,940	24,784	4,771	192,614
Yield	5.22 %	4.74 %	6.94 %	5.52 %	5.08 %
Mortgage-backed securities**					
Government issued or guaranteed					
Carrying value	40,398	112,757	86,783	305,034	544,972
Yield	6.07 %	6.23 %	6.37 %	6.00 %	6.11 %
Privately issued					
Carrying value	31,235	179,734	198,813	218,234	628,016
Yield	6.05 %	6.05 %	6.04 %	6.60 %	6.24 %
Other debt securities					
Carrying value	-	4,253	148,662	50	152,965
Yield	-	5.64 %	6.46 %	6.13 %	6.44 %
Equity securities					
Carrying value	-	-	-	-	162,193
Yield	-	-	-	-	8.11 %
Total investment securities available for sale					
Carrying value	$ 85,752	445,684	459,042	528,089	1,680,760
Yield	5.93 %	5.65 %	6.29 %	6.24 %	6.26 %
INVESTMENT SECURITIES HELD TO MATURITY					
Obligations of states and political subdivisions					
Carrying value	$ 60,036	12,987	5,111	1,055	79,189
Yield	6.30 %	6.90 %	7.14 %	9.87 %	6.50 %
Other debt securities					
Carrying value	-	13,427	-	1,955	15,382
Yield	-	12.36 %	-	7.97 %	11.80 %
Total investment securities held to maturity					
Carrying value	$ 60,036	26,414	5,111	3,010	94,571
Yield	6.30 %	9.67 %	7.14 %	8.64 %	7.36 %
OTHER INVESTMENT SECURITIES	-	-	-	-	125,191
Total investment securities					
Carrying value	$ 145,788	472,098	464,153	531,099	1,900,522
Yield	6.08 %	5.87 %	6.30 %	6.25 %	5.90 %

* INVESTMENT SECURITIES AVAILABLE FOR SALE ARE PRESENTED AT ESTIMATED FAIR VALUE. YIELDS ON SUCH SECURITIES ARE BASED ON AMORTIZED COST.

** MATURITIES ARE REFLECTED BASED UPON CONTRACTUAL PAYMENTS DUE. ACTUAL MATURITIES ARE EXPECTED TO BE SIGNIFICANTLY SHORTER AS A RESULT OF LOAN REPAYMENTS IN THE UNDERLYING MORTGAGE POOLS.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Incorporated by reference to the discussion contained under the captions "Liquidity, Market Risk, and Interest Rate Sensitivity" and "Capital," and Table 14.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA. Financial Statements and Supplementary Data consist of the financial statements as indexed and presented below and table 2 "Quarterly Trends" presented in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
M&T Bank Corporation:

We have audited the accompanying consolidated balance sheet of M&T Bank Corporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, cash flows and changes in stockholders' equity for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of M&T Bank Corporation and subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ PRICEWATERHOUSECOOPERS LLP

Buffalo, New York
January 10, 2000

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DOLLARS IN THOUSANDS, EXCEPT PER SHARE		December 31 1999	1998
Assets	Cash and due from banks	$ 592,755	493,792
	Money-market assets		
	Interest-bearing deposits at banks	1,092	674
	Federal funds sold and agreements to resell securities	643,555	229,066
	Trading account	641,114	173,122
	Total money-market assets	1,285,761	402,862
	Investment securities		
	Available for sale (cost: $1,724,713 in 1999; $2,578,940 in 1998)	1,680,760	2,583,740
	Held to maturity (market value: $92,909 in 1999; $87,365 in 1998)	94,571	87,282
	Other (market value: $125,191 in 1999; $114,542 in 1998)	125,191	114,542
	Total investment securities	1,900,522	2,785,564
	Loans and leases	17,572,861	16,005,701
	Unearned discount	(166,090)	(214,171)
	Allowance for credit losses	(316,165)	(306,347)
	Loans and leases, net	17,090,606	15,485,183
	Premises and equipment	173,815	162,842
	Goodwill and core deposit intangible	648,040	546,036
	Accrued interest and other assets	717,616	707,612
	Total assets	$ 22,409,115	20,583,891
Liabilities	Noninterest-bearing deposits	$ 2,260,432	2,066,814
	NOW accounts	583,471	509,307
	Savings deposits	5,198,681	4,830,678
	Time deposits	7,088,345	7,027,083
	Deposits at foreign office	242,691	303,270
	Total deposits	15,373,620	14,737,152
	Federal funds purchased and agreements to repurchase securities	1,788,858	1,746,078
	Other short-term borrowings	765,301	483,898
	Accrued interest and other liabilities	909,157	446,854
	Long-term borrowings	1,775,133	1,567,543
	Total liabilities	20,612,069	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, 8,397 shares in 1999; 8,028 shares in 1998	3,937	3,752
	Additional paid-in capital	458,729	480,014
	Retained earnings	1,501,530	1,271,071
	Accumulated other comprehensive income, net	(26,047)	2,869
	Treasury stock - common, at cost - 377,738 shares in 1999; 403,769 shares in 1998	(181,611)	(195,848)
	Total stockholders' equity	1,797,046	1,602,366
	Total liabilities and stockholders' equity	$ 22,409,115	20,583,891

See accompanying notes to financial statements.

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

IN THOUSANDS, EXCEPT PER SHARE		Year ended December 31 1999	1998	1997
Interest income	Loans and leases, including fees	$ 1,323,262	1,198,639	954,974
	Money-market assets			
	Deposits at banks	87	400	2,475
	Federal funds sold and agreements to resell securities	24,491	8,293	2,989
	Trading account	3,153	4,403	1,781
	Investment securities			
	Fully taxable	118,741	139,731	99,640
	Exempt from federal taxes	8,897	7,984	5,640
	Total interest income	1,478,631	1,359,450	1,067,499
Interest expense	NOW accounts	4,683	4,851	3,455
	Savings deposits	121,888	115,345	90,907
	Time deposits	367,889	388,185	327,611
	Deposits at foreign office	12,016	14,973	12,160
	Short-term borrowings	104,911	105,582	44,341
	Long-term borrowings	107,847	58,567	29,619
	Total interest expense	719,234	687,503	508,093
	NET INTEREST INCOME	759,397	671,947	559,406
	Provision for credit losses	44,500	43,200	46,000
	Net interest income after provision for credit losses	714,897	628,747	513,406
Other income	Mortgage banking revenues	71,819	65,646	51,547
	Service charges on deposit accounts	73,612	57,357	43,377
	Trust income	40,751	38,211	30,688
	Merchant discount and other credit card fees	7,515	12,436	19,395
	Trading account and foreign exchange gains	315	3,963	3,690
	Gain (loss) on sales of bank investment securities	1,575	1,761	(280)
	Other revenues from operations	86,788	83,565	42,112
	Total other income	282,375	262,939	190,529
Other expense	Salaries and employee benefits	284,822	259,487	220,017
	Equipment and net occupancy	73,131	66,553	53,299
	Printing, postage and supplies	17,510	17,603	13,747
	Amortization of goodwill and core deposit intangible	49,715	34,487	7,291
	Other costs of operations	153,780	187,993	127,422
	Total other expense	578,958	566,123	421,776
	Income before income taxes	418,314	325,563	282,159
	Income taxes	152,688	117,589	105,918
	NET INCOME	$ 265,626	207,974	176,241
	NET INCOME PER COMMON SHARE			
	Basic	$34.05	27.30	26.60
	Diluted	32.83	26.16	25.26

See accompanying notes to financial statements.

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS		Year ended December 31 1999	1998	1997
Cash flows from operating activities	Net income	$ 265,626	207,974	176,241
	Adjustments to reconcile net income to net cash provided by operating activities			
	Provision for credit losses	44,500	43,200	46,000
	Depreciation and amortization of premises and equipment	27,488	25,432	20,745
	Amortization of capitalized servicing rights	19,773	19,650	14,366
	Amortization of goodwill and core deposit intangible	49,715	34,487	7,291
	Provision for deferred income taxes	1,816	(2,965)	(7,331)
	Asset write-downs	1,771	3,905	1,501
	Net gain on sales of assets	(279)	(4,607)	(1,002)
	Net change in accrued interest receivable, payable	473	13,991	11,806
	Net change in other accrued income and expense	(124,772)	71,914	80,439
	Net change in loans held for sale	206,448	(255,791)	4,234
	Net change in trading account assets and liabilities	114,062	(120,542)	5,094
	Net cash provided by operating activities	606,621	36,648	359,384
Cash flows from investing activities	Proceeds from sales of investment securities			
	Available for sale	89,509	223,929	217,221
	Other	7,224	11,906	-
	Proceeds from maturities of investment securities			
	Available for sale	1,061,118	1,071,889	255,498
	Held to maturity	55,096	91,060	89,161
	Purchases of investment securities			
	Available for sale	(165,852)	(846,020)	(628,168)
	Held to maturity	(52,793)	(42,930)	(54,218)
	Other	(15,204)	(21,872)	(3,936)
	Net (increase) decrease in interest-bearing deposits at banks	(418)	(6)	46,657
	Additions to capitalized servicing rights	(17,257)	(16,741)	(29,818)
	Net increase in loans and leases	(1,429,849)	(1,299,195)	(820,335)
	Proceeds from sale of retail credit card business	-	189,818	-
	Capital expenditures, net	(22,933)	(16,785)	(13,270)
	Acquisitions, net of cash acquired:			
	Banks and bank holding companies	(51,423)	20,790	-
	Deposits and banking offices	529,754	-	123,043
	Purchases of bank owned life insurance	-	(150,000)	(200,000)
	Other, net	19,808	(2,137)	(356)
	Net cash provided (used) by investing activities	6,780	(786,294)	(1,018,521)
Cash flows from financing activities	Net increase (decrease) in deposits	(508,240)	(190,445)	508,930
	Net increase (decrease) in short-term borrowings	324,370	648,784	(77,931)
	Proceeds from long-term borrowings	353,991	875,000	250,000
	Payments on long-term borrowings	(165,593)	(3,136)	(189)
	Purchases of treasury stock	(79,784)	(231,779)	(67,771)
	Dividends paid - common	(35,128)	(28,977)	(21,207)
	Other, net	10,435	16,165	4,212
	Net cash provided (used) by financing activities	(99,949)	1,085,612	596,044
	Net increase (decrease) in cash and cash equivalents	$ 513,452	335,966	(63,093)
	Cash and cash equivalents at beginning of year	722,858	386,892	449,985
	Cash and cash equivalents at end of year	$ 1,236,310	722,858	386,892
Supplemental disclosure of cash flow information	Interest received during the year	$ 1,484,098	1,365,239	1,054,094
	Interest paid during the year	723,106	683,467	487,576
	Income taxes paid during the year	252,484	47,188	43,562
Supplemental schedule of noncash investing and financing activities	Real estate acquired in settlement of loans	$ 11,631	8,503	9,142
	Acquisition of banks and bank holding companies			
	Common stock issued	58,746	587,819	-
	Fair value of			
	Assets acquired (noncash)	650,841	5,206,168	-
	Liabilities assumed	540,672	4,619,715	-
	Stock options	-	19,424	-

See accompanying notes to financial statements.

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

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
1997	Balance - January 1, 1997	$ -	40,487	-	96,597	937,072	(2,485)	(166,012)	905,659
	Comprehensive income:								
	Net income	-	-	-	-	176,241	-	-	176,241
	Other comprehensive income, net of tax:								
	Unrealized gains on investment securities, net of reclassification adjustment	-	-	-	-	-	14,501	-	14,501
									190,742
	Purchases of treasury stock	-	-	-	-	-	-	(67,771)	(67,771)
	Exercise of stock options	-	-	-	6,636	-	-	16,207	22,843
	Common stock cash dividends -								
	$3.20 per share	-	-	-	-	(21,207)	-	-	(21,207)
	Balance - December 31, 1997	$ -	40,487	-	103,233	1,092,106	12,016	(217,576)	1,030,266
1998	Comprehensive income:								
	Net income	-	-	-	-	207,974	-	-	207,974
	Other comprehensive income, net of tax:								
	Unrealized losses on investment securities, net of reclassification adjustment	-	-	-	-	-	(9,147)	-	(9,147)
									198,827
	Purchases of treasury stock	-	-	-	-	-	-	(1,000)	(1,000)
	Acquisition of ONBANCorp:								
	Common stock issued	-	10	-	364,427	-	-	1,000	365,437
	Fair value of stock options	-	-	-	19,424	-	-	-	19,424
	Stock-based compensation plans:								
	Exercise of stock options	-	11	-	(7,114)	-	-	7,103	-
	Directors' stock plan	-	-	-	49	-	-	-	49
	Deferred bonus plan, net, including dividend equivalents	-	-	3,752	(5)	(32)	-	-	3,715
	Common stock cash dividends -								
	$3.80 per share	-	-	-	-	(28,977)	-	-	(28,977)
	Balance - December 31, 1998	$ -	40,508	3,752	480,014	1,271,071	2,869	(210,473)	1,587,741
1999	Comprehensive income:								
	Net income	-	-	-	-	265,626	-	-	265,626
	Other comprehensive income, net of tax:								
	Unrealized losses on investment securities, net of reclassification adjustment	-	-	-	-	-	(28,916)	-	(28,916)
									236,710
	Purchases of treasury stock	-	-	-	-	-	-	(1,000)	(1,000)
	Acquisition of FNB Rochester Corp.:								
	Common stock issued	-	-	-	(718)	-	-	1,000	282
	Stock-based compensation plans:								
	Exercise of stock options	-	-	-	(20,558)	-	-	20,558	-
	Directors' stock plan	-	-	-	8	-	-	-	8
	Deferred bonus plan, net, including dividend equivalents	-	-	185	(17)	(39)	-	-	129
	Common stock cash dividends -								
	$4.50 per share	-	-	-	-	(35,128)	-	-	(35,128)
	Balance - December 31, 1999	$ -	40,508	3,937	458,729	1,501,530	(26,047)	(189,915)	1,788,742

	Other comprehensive income, net of tax:		
	Unrealized losses on investment securities, net of reclassification adjustment	-	(9,147)
			198,827
	Purchases of treasury stock	(231,779)	(231,779)
	Acquisition of ONBANCorp:		
	Common stock issued	223,382	587,819
	Fair value of stock options	-	19,424
	Stock-based compensation plans:		
	Exercise of stock options	29,788	22,685
	Directors' stock plan	177	226
	Deferred bonus plan, net, including dividend equivalents	160	3,875
	Common stock cash dividends - $3.80 per share	-	(28,977)
	Balance - December 31, 1998	(195,848)	1,602,366
1999	Comprehensive income:		
	Net income	-	265,626
	Other comprehensive income, net of tax:		
	Unrealized losses on investment securities, net of reclassification adjustment	-	(28,916)
			236,710
	Purchases of treasury stock	(79,784)	(79,784)
	Acquisition of FNB Rochester Corp.:		
	Common stock issued	59,464	58,746
	Stock-based compensation plans:		
	Exercise of stock options	33,791	13,233
	Directors' stock plan	300	308
	Deferred bonus plan, net, including dividend equivalents	466	595
	Common stock cash dividends - $4.50 per share	-	(35,128)
	Balance - December 31, 1999	(181,611)	1,797,046

See accompanying notes to financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

M&T Bank Corporation ("M&T") is a bank holding company headquartered in Buffalo, New York. Through subsidiaries, M&T provides individuals, corporations and other businesses, and institutions with commercial and retail banking services, including loans and deposits, trust, mortgage banking, asset management and other financial services. Banking activities are largely focused on consumers residing in New York State and northeastern Pennsylvania and on small and medium-size businesses based in those areas. Certain subsidiaries also conduct activities in other states.

The accounting and reporting policies of M&T and subsidiaries ("the Company") conform to generally accepted accounting principles and to general practices within the banking industry. Certain reclassifications have been made to the 1998 and 1997 financial statements to conform with 1999 financial statement presentation. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The more significant accounting policies are as follows:

Consolidation

The consolidated financial statements include M&T and all of its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The financial statements of M&T included in note 21 report investments in subsidiaries under the equity method.

Consolidated Statement of Cash Flows

For purposes of this statement, cash and due from banks, Federal funds sold and agreements to resell securities are considered cash and cash equivalents.

Trading account

Financial instruments used for trading purposes are stated at fair value. Realized gains and losses and unrealized changes in fair value of financial instruments utilized in trading activities are included in trading account and foreign exchange gains in the consolidated statement of income.

Investment securities

Investments in debt securities are classified as held to maturity and stated at amortized cost when management has the positive intent and ability to hold such securities to maturity. Investments in other debt securities and equity securities having readily determinable fair values are classified as available for sale and stated at estimated fair value. Unrealized gains or losses related to investment securities available for sale are reflected in

1. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investment securities, continued

accumulated other comprehensive income, net of applicable income taxes.

Other securities are stated at cost and include stock of the Federal Reserve Bank of New York and the Federal Home Loan Bank of New York.

Amortization of premiums and accretion of discounts for investment securities available for sale and held to maturity are included in interest income. The cost basis of individual securities is written down to estimated fair value through a charge to earnings when declines in value below amortized cost are considered to be other than temporary. Realized gains and losses on the sales of investment securities are determined using the specific identification method.

Loans

Interest income on loans is accrued on a level yield method. Loans are placed on nonaccrual status and previously accrued interest thereon is charged against income when principal or interest is delinquent 90 days, unless management determines that the loan status clearly warrants other treatment. Loan balances are charged off when it becomes evident that such balances are not fully collectible. Loan fees and certain direct loan origination costs are deferred and recognized as an interest yield adjustment over the life of the loan. Net deferred fees have been included in unearned discount as a reduction of loans outstanding. Loans held for sale are carried at the lower of aggregate cost or fair market value. Valuation adjustments made on these loans are included in mortgage banking revenues.

Except for consumer and residential mortgage loans that are considered smaller balance homogenous loans and are evaluated collectively, the Company considers a loan to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts according to the contractual terms of the loan agreement or the loan is delinquent 90 days. Impaired loans are classified as either nonaccrual or as loans renegotiated at below market rates. Loans less than 90 days delinquent are deemed to have a minimum delay in payment and are generally not considered impaired. Impairment of a loan is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of collateral if the loan is collateral dependent. Interest received on impaired loans placed on nonaccrual status is applied to reduce the carrying value of the loan or, if principal is considered fully collectible, recognized as interest income.

1. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Allowance for credit losses

The allowance for credit losses represents the amount which, in management's judgment, will be adequate to absorb credit losses inherent in the loan and lease portfolio as of the balance sheet date. The adequacy of the allowance is determined by management's evaluation of the loan and lease portfolio based on 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, any delinquency in payments, and the value of any collateral.

Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation expense is computed principally using the straight-line method over the estimated useful lives of the assets.

Capitalized servicing rights

Servicing rights retained in a sale or securitization of financial assets are measured at the date of transfer by allocating the previous carrying amount between the assets transferred and the servicing rights based on their relative fair values. Servicing assets purchased or servicing liabilities assumed are initially measured at fair value. Capitalized servicing assets are included in other assets and amortized in proportion to and over the period of estimated net servicing income.

To estimate the fair value of servicing rights, the Company considers market prices for similar assets and the present value of expected future cash flows associated with the servicing rights calculated using assumptions that market participants would use in estimating future servicing income and expense. Such assumptions include estimates of the cost of servicing loans, loan default rates, an appropriate discount rate, and prepayment speeds. For purposes of evaluating and measuring impairment of capitalized servicing rights, the Company stratifies such assets based on predominant risk characteristics of underlying financial instruments that are expected to have the most impact on projected prepayments, cost of servicing and other factors affecting future cash flows associated with the servicing rights. Such factors may include financial asset or loan type, note rate and term. The amount of impairment recognized is the amount by which the carrying value of the capitalized servicing rights for a stratum exceeds estimated fair value. Impairment is recognized through a valuation allowance.

Goodwill and core deposit intangible

The excess of the cost of acquired entities or operations over the fair value of identifiable assets acquired less liabilities assumed is recorded as goodwill. Substantially all of the Company's goodwill is being amortized

1. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Goodwill and core deposit intangible, continued

using the straight-line method over twenty years. Core deposit intangibles are amortized using an accelerated method over estimated useful lives of seven to ten years. The Company periodically assesses whether events or changes in circumstances indicate that the carrying amounts of goodwill and core deposit intangible may be impaired. Impairment is measured using estimates of future cash flows or earnings potential of the operations acquired.

Stock-based compensation

Compensation expense is not recognized for stock option awards to employees under the Company's stock option plan since the exercise price of options is equal to the market price of the underlying stock at the date of grant. Compensation expense for stock appreciation rights issued separately from stock options is recognized based upon changes in the quoted market value of M&T's common stock. The pro forma effects of stock-based compensation arrangements are based on the estimated grant date fair value of stock options that are expected to vest calculated pursuant to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." Pro forma compensation expense, net of applicable income tax effect, is recognized over the vesting period.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax effects attributable to differences between the financial statement value of existing assets and liabilities and their respective tax bases and carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws. Investment tax credits related to leveraged leasing property are amortized into income tax expense over the life of the lease agreement.

Financial futures

Outstanding financial futures contracts represent future commitments and are not included in the consolidated balance sheet. Futures contracts used in trading activities are marked to market and the resulting gains or losses are recognized in trading account and foreign exchange gains. On occasion the Company uses interest rate futures contracts as part of its management of interest rate risk. Gains and losses on futures contracts designated as hedges are amortized as an adjustment to interest income or expense over the life of the item hedged.

Interest rate swap agreements

For interest rate swap agreements used to manage interest rate risk arising

1. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interest rate swap agreements, continued

from financial assets and liabilities, amounts receivable or payable are recognized as accrued under the terms of the agreement and the net interest differential, including any amortization of premiums paid or accretion of discounts received, is recorded as an adjustment to interest income or expense of the related asset or liability. To qualify for such accounting treatment, an interest rate swap must (i) be designated as having been entered into for interest rate risk management purposes and linked to a specific financial instrument or pool of similar financial instruments in the Company's consolidated balance sheet and (ii) have interest rate and repricing characteristics that have a sufficient degree of correlation with the corresponding characteristics of the designated on-balance sheet financial instrument. Gains or losses resulting from early termination of interest rate swap agreements used to manage interest rate risk are amortized over the shorter of the remaining term or estimated life of the agreement or the on-balance sheet financial instrument to which the swap had been linked. Agreements that do not satisfy the requirements noted above, including those entered into for trading purposes, are marked to market with resulting gains or losses recorded in trading account and foreign exchange gains.

Earnings per common share

Basic earnings per share excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding and common shares issuable under deferred compensation arrangements during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in earnings. Proceeds assumed to have been received on such exercise or conversion are assumed to be used to purchase shares of M&T common stock at the average market price during the period, as required by the "treasury stock method" of accounting.

Treasury stock

Repurchases of shares of M&T common stock are recorded at cost as a reduction of stockholders' equity. Reissuances of shares of treasury stock are recorded at average cost.

2. ACQUISITIONS

On September 24, 1999, Manufacturers and Traders Trust Company ("M&T Bank"), M&T's principal banking subsidiary, acquired 29 upstate New York branches from The Chase Manhattan Bank ("Chase") in a cash transaction. The branches had approximately $634 million of deposits and approximately $44 million of

2. ACQUISITIONS, CONTINUED

retail installment and commercial loans at the closing. In addition, on September 30, 1999 M&T Bank received from Chase investment management and custody accounts having assets of approximately $286 million. Chase also agreed to transfer up to approximately $195 million of other trust and fiduciary account assets to M&T Bank following the receipt of required court approvals. It is expected that this portion of the transaction will be completed in the first quarter of 2000. In connection with the transaction, the Company recorded approximately $55 million of intangible assets that are being amortized over periods ranging from five to seven years.

On June 1, 1999, M&T consummated the merger of FNB Rochester Corp.("FNB"), a bank holding company headquartered in Rochester, New York, with and into Olympia Financial Corp. ("Olympia"), a wholly owned subsidiary of M&T. Following the merger with FNB, First National Bank of Rochester, a wholly owned subsidiary of FNB, was merged into M&T Bank. In accordance with the terms of the merger agreements with FNB, M&T paid $76.3 million in cash and issued 122,516 shares of M&T common stock in exchange for FNB shares outstanding at the time of the acquisition. The purchase price of the transaction was approximately $135 million based on the cash paid to FNB stockholders and the market price of M&T common shares on December 8, 1998 before the terms of the merger were agreed to and announced by M&T and FNB. Acquired assets, loans and deposits of FNB on June 1, 1999 totaled approximately $676 million, $393 million and $511 million, respectively. The transaction was accounted for as a purchase and, accordingly, operations acquired from FNB have been included in the Company's financial results since the acquisition date. In connection with the acquisition, the Company recorded approximately $86 million of goodwill and $12 million of core deposit intangible. The goodwill is being amortized over twenty years using the straight-line method and the core deposit intangible is being amortized over eight years using an accelerated method.

On April 1, 1998, M&T consummated the merger of ONBANCorp, Inc. ("ONBANCorp") with and into Olympia. 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 M&T Bank. 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 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 value of ONBANCorp stock options converted into M&T stock options.

2. ACQUISITIONS, CONTINUED

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 over twenty years using the straight-line method and the core deposit intangible is being amortized over ten years using an accelerated method.

In connection with the transactions described above, 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 $4.7 million ($3.0 million net of applicable income taxes) during 1999 and approximately $21.3 million ($14.0 million net of applicable income taxes) during 1998. Expenses related to systems conversions and other costs of integration are included in the consolidated statement of income for the years ended December 31, 1999 and 1998 as follows:

	1999	1998
	(in thousands)	
Salaries and employee benefits	$ 188	2,141
Equipment and net occupancy	149	875
Printing, postage and supplies	685	1,079
Other costs of operations	3,654	17,250
	$ 4,676	21,345

The expenses noted above consisted largely of professional services and other temporary help fees associated with the conversion of systems and/or integration of operations; recruiting and other incentive compensation; initial marketing and promotion expenses to introduce the Company to customers of the acquired operations; and printing, supplies and other costs. Since the systems conversions and integration of operations is complete, the Company does not expect to incur additional integration costs.

Presented below is certain unaudited pro forma information as if FNB and ONBANCorp had been acquired on January 1, 1998. These results combine the historical results of FNB and ONBANCorp into the Company's consolidated statement of income and, while certain adjustments were made for the estimated impact of purchase accounting adjustments and other acquisition-related activity, they are not necessarily indicative of what would have occurred had the acquisitions taken place at that time. In particular, expenses related to systems conversions and other costs of integration associated with the acquisition of FNB are included in the 1999 periods in which such costs were incurred and, additionally, the Company expects to achieve further operating cost savings as a result of the mergers which are

2. ACQUISITIONS, CONTINUED

not reflected in the pro forma amounts presented below:

	Pro forma Year ended December 31	
	1999	1998
	(in thousands, except per share)	
Interest income	$1,495,877	1,480,391
Other income	285,052	274,337
Net income	265,455	200,328
Diluted earnings per common share	32.61	23.76

3. INVESTMENT SECURITIES

The amortized cost and estimated fair value of investment securities were as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(in thousands)			
December 31, 1999				
Investment securities available for sale:				
U.S. Treasury and federal agencies	$ 202,283	-	9,669	192,614
Mortgage-backed securities				
Government issued or guaranteed	557,058	860	12,946	544,972
Privately issued	640,368	6,123	18,475	628,016
Other debt securities	155,805	606	3,446	152,965
Equity securities	169,199	464	7,470	162,193
	1,724,713	8,053	52,006	1,680,760
Investment securities held to maturity:				
Obligations of states and political subdivisions	79,189	-	361	78,828
Other debt securities	15,382	-	1,301	14,081
	94,571	-	1,662	92,909
Other securities	125,191	-	-	125,191
Total	$1,944,475	8,053	53,668	1,898,860

3. INVESTMENT SECURITIES, CONTINUED

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
		(in thousands)		
December 31, 1998				
Investment securities available for sale:				
U.S. Treasury and federal agencies	$ 452,524	-	831	451,693
Mortgage-backed securities				
Government issued or guaranteed	867,065	8,121	5,879	869,307
Privately issued	952,298	3,445	1,620	954,123
Other debt securities	162,748	1,183	4,587	159,344
Equity securities	144,305	4,992	24	149,273
	2,578,940	17,741	12,941	2,583,740
Investment securities held to maturity:				
Obligations of states and political subdivisions	73,789	811	-	74,600
Other debt securities	13,493	-	728	12,765
	87,282	811	728	87,365
Other securities	114,542	-	-	114,542
Total	$2,780,764	18,552	13,669	2,785,647

No investment in securities of a single non-U.S. Government or government agency issuer exceeded ten percent of stockholders' equity at December 31, 1999.

As of December 31, 1999, the latest available investment ratings of all privately issued mortgage-backed securities were A or better.

The amortized cost and estimated fair value of collateralized mortgage obligations included in mortgage-backed securities were as follows:

	December 31	
	1999	1998
	(in thousands)	
Amortized cost	$ 792,331	1,265,588
Estimated fair value	772,819	1,265,487

Gross realized gains on the sale of investment securities were $1,626,000 in 1999, $1,808,000 in 1998 and $1,179,000 in 1997. Gross realized losses on the sale of investment securities were $51,000 in 1999, $47,000 in 1998 and $1,459,000 in 1997.

3. INVESTMENT SECURITIES, CONTINUED

At December 31, 1999, the amortized cost and estimated fair value of debt securities by contractual maturity were as follows:

	Amortized Cost	Estimated fair Value
	(in thousands)	
Debt securities available for sale:		
Due in one year or less	$ 14,162	14,119
Due after one year through five years	161,129	153,193
Due after five years through ten years	177,831	173,446
Due after ten years	4,966	4,821
	358,088	345,579
Mortgage-backed securities available for sale	1,197,426	1,172,988
	$1,555,514	1,518,567
Debt securities held to maturity:		
Due in one year or less	$ 60,036	59,906
Due after one year through five years	26,414	25,096
Due after five years through ten years	5,111	4,926
Due after ten years	3,010	2,981
	$ 94,571	92,909

At December 31, 1999, investment securities with a carrying value of $601,366,000, including $541,438,000 of investment securities available for sale, were pledged to secure demand notes issued to the U.S. Treasury, borrowings from the Federal Home Loan Bank of New York and the Federal Home Loan Bank of Pittsburgh (together, the "Federal Home Loan Banks"), repurchase agreements, governmental deposits and interest rate swap agreements.

4. LOANS AND LEASES

Total gross loans and leases outstanding were comprised of the following:

	December 31	
	1999	1998
	(in thousands)	
Loans		
Commercial, financial, agricultural, etc.	$ 3,564,470	3,101,016
Real estate:		
Residential	4,011,436	4,163,818
Commercial	6,141,469	5,125,703
Construction	525,241	489,112
Consumer	2,797,537	2,569,726
Total loans	17,040,153	15,449,375
Leases		
Commercial	132,588	110,411
Consumer	400,120	445,915
Total leases	532,708	556,326
Total loans and leases	$17,572,861	16,005,701

One-to-four family residential mortgage loans held for sale were $238.7 million at December 31, 1999 and $445.1 million at December 31, 1998. One-to-four family residential mortgage loans serviced for others totaled approximately $7.2 billion and $7.3 billion at December 31, 1999 and 1998, respectively. As of December 31, 1999, approximately $23 million of one-to-four family residential mortgage loans serviced for others have been sold with recourse. The total credit loss exposure resulting from residential mortgage loans sold with recourse was considered negligible.

Included in the preceding table are nonperforming loans (loans on which interest was not being accrued, or which were ninety days or more past due or had been renegotiated at below-market interest rates) of $103,186,000 at December 31, 1999 and $117,045,000 at December 31, 1998. If nonaccrual and renegotiated loans had been accruing interest at their originally contracted terms, interest income on these loans would have amounted to $8,998,000 in 1999 and $7,806,000 in 1998. The actual amount included in interest income during 1999 and 1998 on these loans was $1,589,000 and $2,367,000, respectively.

The recorded investment in loans considered impaired was $45,124,000 and $47,248,000 at December 31, 1999 and 1998, respectively. The recorded investment in loans for which there was a related valuation allowance for impairment included in the allowance for credit losses and the amount of such impairment allowance were $24,536,000 and $6,005,000, respectively, at December 31, 1999 and $20,470,000 and $6,758,000, respectively, at December 31, 1998. The recorded investment in loans considered impaired for which there was no related valuation allowance for

4. LOANS AND LEASES, CONTINUED

impairment was $20,588,000 and $26,778,000 at December 31, 1999 and 1998, respectively. The average recorded investment in impaired loans during 1999, 1998 and 1997 was $43,858,000, $42,485,000 and $37,732,000, respectively. Interest income recognized on impaired loans totaled $3,324,000, $2,351,000 and $2,051,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

Borrowings by directors and certain officers of M&T and its banking subsidiaries, and by associates of such persons, exclusive of loans aggregating less than $60,000, amounted to $124,185,000 and $22,115,000 at December 31, 1999 and 1998, respectively. During 1999, new borrowings by such persons amounted to $104,715,000 (including borrowings of new directors or officers that were outstanding at the time of their election) and repayments and other reductions were $2,645,000.

At December 31, 1999, approximately $2.9 billion of commercial mortgage loans and one-to-four family residential mortgage loans were pledged to secure outstanding borrowings.

5. ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows:

	Year ended December 31		
	1999	1998	1997
	(in thousands)		
Beginning balance	$306,347	274,656	270,466
Provision for credit losses	44,500	43,200	46,000
Allowance obtained through acquisitions	5,636	27,905	-
Net charge-offs			
Charge-offs	(59,655)	(56,301)	(59,329)
Recoveries	19,337	16,887	17,519
Net charge-offs	(40,318)	(39,414)	(41,810)
Ending balance	$316,165	306,347	274,656

6. PREMISES AND EQUIPMENT

The detail of premises and equipment was as follows:

	December 31	
	1999	1998
	(in thousands)	
Land	$ 16,649	15,467
Buildings-owned	126,670	118,132
Buildings-capital leases	1,773	1,773
Leasehold improvements	44,639	39,800
Furniture and equipment-owned	171,158	152,301
Furniture and equipment-capital leases	1,156	429
	362,045	327,902
Less: accumulated depreciation and amortization		
Owned assets	186,137	163,074
Capital leases	2,093	1,986
	188,230	165,060
Premises and equipment, net	$173,815	162,842

Net lease expense for all operating leases totaled $24,168,000 in 1999, $20,607,000 in 1998 and $16,983,000 in 1997. The Company occupies certain banking offices and uses certain equipment under noncancellable operating lease agreements expiring at various dates over the next 21 years. Minimum lease payments under noncancellable operating leases are summarized as follows:

Year ending December 31:	(in thousands)
2000	$ 15,567
2001	14,516
2002	12,009
2003	11,101
2004	10,226
Later years	54,962
Total minimum lease payments	$118,381

Payments required under capital leases are not material.

7. CAPITALIZED SERVICING ASSETS

Changes in capitalized servicing assets were as follows:

	Year ended December 31		
	1999	1998	1997
	(in thousands)		
Beginning balance	$ 63,995	61,877	38,890
Originations	17,240	12,276	7,819
Purchases	1,089	16,014	26,262
Amortization	(19,773)	(19,650)	(14,366)
Sales	(1,649)	(6,522)	-
Write-downs	-	-	(802)
Reclassification of excess servicing receivables	-	-	4,074
	60,902	63,995	61,877
Valuation allowance	(50)	(1,798)	(798)
Ending balance, net	$ 60,852	62,197	61,079

As a result of impairment of certain strata of capitalized servicing assets, additions to the valuation allowance totaling $1,000,000 and $500,000 were recorded during 1998 and 1997, respectively. During 1999, the valuation allowance was reduced by $1,748,000 since for most strata the estimated fair value of capitalized servicing assets exceeded carrying value. During 1997, the valuation allowance was reduced by $802,000 to reflect the write-down of the recorded value of certain capitalized servicing assets related to loans that had been repaid by borrowers. The estimated fair value of capitalized servicing assets was approximately $107 million at December 31, 1999 and $80 million at December 31, 1998. Such amounts were estimated using discounted cash flows that reflect current prepayment and discount rate assumptions as of each year-end.

The Company adopted SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," on January 1, 1997. Among other things, SFAS No. 125 required that for each servicing contract in existence before January 1, 1997 previously recognized servicing rights and excess servicing receivables that did not exceed contractually specified servicing fees be combined. The carrying value of such excess servicing receivables at January 1, 1997 was $4,074,000. Retroactive application of the provisions of SFAS No. 125 to years prior to 1997 was not permitted.

8. BORROWINGS

The amounts and interest rates of short-term borrowings were as follows:

	Federal funds purchased and repurchase Agreements	Other short-term Borrowings	Total
	(dollars in thousands)		
At December 31, 1999			
Amount outstanding	$1,788,858	765,301	2,554,159
Weighted-average interest rate	5.29%	5.36%	5.31%
For the year ended December 31, 1999			
Highest amount at a month-end	$1,809,403	765,301	
Daily-average amount outstanding	1,609,964	446,623	2,056,587
Weighted-average interest rate	5.09%	5.15%	5.10%
At December 31, 1998			
Amount outstanding	$1,746,078	483,898	2,229,976
Weighted-average interest rate	5.41%	5.55%	5.44%
For the year ended December 31, 1998			
Highest amount at a month-end	$2,177,388	509,457	
Daily-average amount outstanding	1,616,431	307,016	1,923,447
Weighted-average interest rate	5.48%	5.56%	5.49%
At December 31, 1997			
Amount outstanding	$ 930,775	120,143	1,050,918
Weighted-average interest rate	6.51%	5.41%	6.38%
For the year ended December 31, 1997			
Highest amount at a month-end	$ 930,775	344,363	
Daily-average amount outstanding	611,689	200,324	812,013
Weighted-average interest rate	5.43%	5.55%	5.46%

8. BORROWINGS, CONTINUED

In general, Federal funds purchased and repurchase agreements outstanding at December 31, 1999 mature within three days following year-end. Other short-term borrowings included borrowings from the Federal Home Loan Banks, the U.S. Treasury and others having original maturities of one year or less.

At December 31, 1999, the Company had lines of credit under formal agreements as follows:

	M&T	M&T Bank	M&T Bank, N.A.
	(in thousands)		
Outstanding borrowings	$29,000	1,836,549	-
Unused	1,000	4,092,714	367,088

M&T has a revolving credit agreement with an unaffiliated commercial bank whereby M&T may borrow up to $30,000,000 at its discretion through November 17, 2000. At December 31, 1999, M&T Bank had borrowing facilities available with the Federal Home Loan Banks whereby M&T Bank could borrow up to $2,273,436,000. Additionally, M&T Bank and M&T Bank, National Association ("M&T Bank, N.A."), a wholly owned subsidiary of M&T, had available lines of credit with the Federal Reserve Bank of New York totaling approximately $4 billion, under which there were no borrowings outstanding at December 31, 1999 or 1998. M&T Bank and M&T Bank, N.A. are required to pledge loans or investment securities as collateral for these borrowing facilities.

Long-term borrowings were as follows:

	December 31	
	1999	1998
	(in thousands)	
Subordinated notes of M&T Bank:		
8 1/8% due 2002	$ 75,000	75,000
7% due 2005	100,000	100,000
Advances from Federal Home Loan Banks:		
- Variable rates	1,175,000	825,000
- Fixed rates	90,549	231,094
Preferred capital securities:		
M&T Capital Trust I - 8.234%	150,000	150,000
M&T Capital Trust II - 8.277%	100,000	100,000
M&T Capital Trust III - 9.25%	68,803	69,128
Other	15,781	17,321
	$1,775,133	1,567,543

8. BORROWINGS, CONTINUED

The subordinated notes of M&T Bank are unsecured and are subordinate to the claims of depositors and other creditors of M&T Bank. Long-term variable rate advances from the Federal Home Loan Banks had contractual rates that ranged from 6.00% to 6.25% at December 31, 1999 and from 5.19% to 5.44% at December 31, 1998. The weighted-average contractual interest rates were 6.13% and 5.29% at December 31, 1999 and 1998, respectively. Long-term fixed-rate advances from the Federal Home Loan Banks had contractual rates of interest ranging from 4.05% to 8.45% at December 31, 1999 and 1998. The weighted-average contractual interest rates payable were 5.93% and 6.23% at December 31, 1999 and 1998, respectively. Advances from the Federal Home Loan Banks mature at various dates through 2006 and are secured by residential and commercial real estate loans.

In December 1999, the names of First Empire Capital Trust I, First Empire Capital Trust II and OnBank Capital Trust I were changed to M&T Capital Trust I, M&T Capital Trust II and M&T Capital Trust III, respectively. In January 1997, M&T Capital Trust I ("Trust I") issued $150 million of 8.234% preferred capital securities. In June 1997, M&T Capital Trust II ("Trust II") issued $100 million of 8.277% preferred capital securities. In February 1997, M&T Capital Trust III ("Trust III" and, together with Trust I and Trust II, the "Trusts"), a business trust organized by ONBANCorp prior to its acquisition by M&T, 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 Trust III had a financial statement carrying value of approximately $69 million at December 31, 1999 and 1998.

Other than the following payment terms (and the redemption terms described below), the preferred capital securities issued by the Trusts ("Capital Securities") are identical 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
Trust III	9.25%	February 1 and August 1

The common securities of Trust I and II are wholly owned by M&T and the common securities of Trust III 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

8. BORROWINGS, CONTINUED

interest expense. Under the Federal Reserve Board's current risk-based capital guidelines, the Capital Securities are includable in M&T'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") of M&T in the case of Trust I and Trust II and Olympia in the case of Trust III:

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.
Trust III	$ 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 or Trust II, or Olympia, in the case of Trust III, 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 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 or Trust II, or Olympia, in the case of Trust III, of the payment of distributions on, the redemption of, and any liquidation distribution with respect to the Capital Securities. The 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.

8. BORROWINGS, CONTINUED

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 Trust III, 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 Trust III (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 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 Trust III, 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.

Long-term borrowings at December 31, 1999 mature as follows:

Year ending December 31:	(in thousands)
2000	$ 31,222
2001	416,963
2002	189,275
2003	592,178
2004	1,180
Later years	544,315
	$1,775,133

9. STOCK-BASED COMPENSATION PLANS

Stock option plan

The stock option plan allows the grant of stock options and stock appreciation rights (either in tandem with options or independently) at prices which may not be less than the fair market value of the common stock on the date of grant. Except as described below, awards granted under the stock option plan generally vest over four years and are exercisable over terms not exceeding ten years and one day from the date of grant. When exercisable, the stock appreciation rights issued in tandem with stock options entitle grantees to receive cash, stock or a combination equal to the amount of stock appreciation between the dates of grant and exercise. Stock appreciation rights issued independently of stock options contain similar terms as the stock options, although upon exercise the holder is only entitled to receive cash instead of purchasing shares of M&T's common stock.

In 1999, the Company granted options to substantially all employees who had not previously received awards under the stock option plan. The options granted under this award vest three years after the grant date and are exercisable for a period of seven years thereafter.

9. STOCK-BASED COMPENSATION PLANS, CONTINUED

Stock option plan, continued

A summary of stock option and stock appreciation rights activity follows:

	Stock options outstanding	Cash-only appreciation rights outstanding	Weighted-average exercise price: Stock options	Weighted-average exercise price: Cash-only appreciation rights
1997				
Beginning balance	769,215	54,950	$ 130.54	$ 60.34
Granted	151,077	-	297.37	-
Exercised	(138,723)	(8,500)	87.66	57.00
Cancelled	(4,375)	-	221.65	-
At year-end	777,194	46,450	170.11	60.95
1998				
Granted	144,459	-	445.26	-
Acquired (note 2)	61,772	-	185.56	-
Exercised	(148,467)	(11,050)	105.57	59.52
Cancelled	(25,045)	-	250.86	-
At year-end	809,913	35,400	229.70	61.40
1999				
Granted	213,140	-	497.81	-
Exercised	(79,623)	(16,500)	162.96	64.02
Cancelled	(29,354)	-	376.02	-
At year-end	914,076	18,900	$ 293.34	$ 59.11
Exercisable at:				
December 31, 1999	446,223	18,900	$ 170.03	$ 59.11
December 31, 1998	384,494	35,400	144.97	61.40
December 31, 1997	344,757	46,450	110.39	60.95

At December 31, 1999 and 1998, respectively, there were 305,516 and 489,302 shares available for future grant. During 1998, the number of shares authorized for issuance under the stock option plan was increased to 2,500,000 shares from 2,000,000.

9. STOCK-BASED COMPENSATION PLANS, CONTINUED

Stock option plan, continued

A summary of stock options at December 31, 1999 follows:

Range of exercise price	Stock options outstanding	Weighted-average Exercise price	Weighted-average Life (in years)	Stock options exercisable	Weighted-average exercise price
$ 53.00 to $121.12	77,179	$ 89.05	1.7	77,179	$ 89.05
133.88 to 198.76	223,287	141.10	4.3	223,287	141.10
211.00 to 290.00	262,450	246.35	6.4	126,886	233.32
310.00 to 554.13	351,160	470.15	8.7	18,871	417.91
	914,076	$293.34	6.4	446,223	$170.03

The Company used a binomial option pricing model to estimate the grant date present value of stock options granted in 1999, 1998 and 1997. The weighted-average estimated value per option was $115.80 in 1999, $114.60 in 1998 and $79.26 in 1997. The values were calculated using the following weighted-average assumptions: an option term of 6.5 years (representing the estimated period between grant date and exercise date based on historical data since inception of the plan), a risk-free interest rate of 4.97% in 1999, 5.53% in 1998 and 6.37% in 1997 (representing the yield on a U.S. Treasury security with a remaining term equal to the expected option term), expected volatility of 19% in 1999 and 14% in 1998 and 1997, and estimated dividend yields of .85% in 1999, .72% in 1998 and .97% in 1997 (representing the approximate annualized cash dividend rate paid with respect to a share of common stock at or near the grant date). The Company reduced the estimated value per option to reflect an estimate of the probability of forfeiture prior to vesting. Based on historical data since inception of the plan and projected employee turnover rates, the weighted-average estimated forfeiture rate was 21% in 1999 and 10% in prior years.

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for the stock option plan. Accordingly, no compensation expense was recognized in 1999, 1998 and 1997 for stock option awards since the exercise price of stock options granted under the stock option plan was not less than the fair market value of the common stock at date of grant. Compensation expense (benefit) recognized for cash-only stock appreciation rights was $(2,199,000) in 1999, $2,238,000 in 1998 and $8,510,000 in 1997. Had compensation expense for stock option awards been determined consistent

9. STOCK-BASED COMPENSATION PLANS, CONTINUED

Stock option plan, continued

with SFAS No. 123, net income and earnings per share would be reduced to the pro forma amounts indicated below:

	Year ended December 31		
	1999	1998	1997
	(in thousands, except per share)		
Net income:			
As reported	$265,626	207,974	176,241
Pro forma	252,401	198,323	169,432
Basic earnings per share:			
As reported	$34.05	27.30	26.60
Pro forma	32.36	26.03	25.57
Diluted earnings per share:			
As reported	$32.83	26.16	25.26
Pro forma	31.27	25.02	24.40

The pro forma effects are presented in accordance with the requirements of SFAS No. 123, however, such effects are not representative of the effects to be reported in future years due to the fact that options vest over several years and additional awards generally are made each year.

Deferred bonus plan

The Company provides a deferred bonus plan to eligible employees pursuant to which employees may elect to defer all or a portion of their current annual incentive compensation awards and allocate such awards to several investment options, including M&T common stock. Participants may elect the timing of distributions from the plan. Such distributions are payable in cash with the exception of balances allocated to M&T common stock, which effective January 1, 1998, are distributable in the form of M&T common stock. Shares of M&T common stock distributable pursuant to the terms of the deferred bonus plan were 8,397 and 8,028 at December 31, 1999 and 1998, respectively. In connection with the deferred bonus plan, 15,000 shares of M&T common stock were authorized for issuance, of which 1,295 shares have been issued.

Directors' stock plan

Effective January 1, 1998, the Company initiated a compensation plan for non-employee directors that provides for annual compensation payable to such directors to be paid fifty percent in cash and fifty percent in shares of M&T common stock. In connection with the directors' stock plan, 5,000 shares of M&T common stock were authorized for issuance, of which 1,068 shares have been issued.

10. PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

The Company provides defined benefit pension plan and other postretirement benefits (including health care and life insurance benefits) to qualified retired employees.

Net periodic pension expense consisted of the following:

	Year ended December 31		
	1999	1998	1997
	(in thousands)		
Service cost	$ 8,202	7,021	5,014
Interest cost on projected benefit obligation	9,225	8,135	6,786
Expected return on plan assets	(14,308)	(12,396)	(9,723)
Amortization of prior service cost	84	(24)	(24)
Amortization of initial net asset	-	(344)	(858)
Recognized net actuarial gain	-	(38)	(47)
Settlements and curtailments	349	218	-
Net periodic pension expense	$ 3,552	2,572	1,148

Net postretirement benefits expense consisted of the following:

	Year ended December 31		
	1999	1998	1997
	(in thousands)		
Service cost	$ 325	288	146
Interest cost on projected benefit obligation	1,150	1,141	996
Expected return on plan assets	(180)	(226)	(288)
Amortization of prior service cost	14	(18)	(204)
Recognized net actuarial (gain) loss	39	25	(7)
Net postretirement benefits expense	$ 1,348	1,210	643

10. PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS, CONTINUED

Data relating to the funding position of the plans were as follows:

	Pension benefits		Postretirement benefits	
	1999	1998	1999	1998
	(in thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	$136,931	107,035	18,023	13,933
Service cost	8,202	7,021	325	288
Interest cost	9,225	8,135	1,150	1,141
Plan participants'contributions	-	-	202	119
Amendments	395	20	-	2,356
Actuarial (gain) loss	(22,031)	5,864	(1,108)	1,119
Business combination	3,223	15,027	-	499
Benefits paid	(9,256)	(6,389)	(1,830)	(1,432)
Settlements and curtailments	349	218	-	-
Benefit obligation at end of year	$127,038	136,931	16,762	18,023
Change in plan assets:				
Fair value of plan assets at beginning of year	$167,469	144,894	4,276	5,147
Actual return on plan assets	(1,547)	6,669	525	292
Plan participants'contributions	-	-	388	269
Business combination	2,430	22,441	-	-
Benefits and other payments	(6,480)	(4,787)	(1,830)	(1,432)
Settlements	(2,516)	(1,748)	-	-
Fair value of plan assets at end of year	$159,356	167,469	3,359	4,276
Funded status	$ 32,318	30,538	(13,403)	(13,747)
Unrecognized net actuarial (gain) loss	(24,493)	(18,318)	736	2,229
Unrecognized prior service cost	(237)	(259)	321	336
Prepaid (accrued) benefit cost	$ 7,588	11,961	(12,346)	(11,182)
Amounts recognized in the consolidated balance sheet were:				
Prepaid benefit cost (asset)	$ 10,551	14,489	-	-
Accrued benefit cost (liability)	(2,963)	(2,528)	(12,346)	(11,182)
	$ 7,588	11,961	(12,346)	(11,182)

10. PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS, CONTINUED

The Company has an unfunded supplemental pension plan for certain key executives. The projected benefit obligation and accumulated benefit obligation included in the preceding data related to such plan were $2,479,000 and $2,091,000, respectively, as of December 31, 1999 and $2,356,000 and $1,863,000, respectively, as of December 31, 1998.

The assumed rates used in the actuarial computations were:

	Pension benefits		Postretirement benefits	
	1999	1998	1999	1998
Discount rate	7.75%	6.75%	7.75%	6.75%
Long-term rate of return on plan assets	9.00%	9.00%	4.25%	5.00%
Rate of increase in future compensation levels	5.01%	5.10%	-	-

For measurement purposes, an 8.0% annual rate of increase in the cost of covered health care benefits was assumed for 2000. The rate was assumed to decrease gradually to 6% over 4 years. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	+1%	-1%
	(in thousands)	
Increase (decrease) in:		
Service and interest cost	$ 54	(48)
Accumulated postretirement benefit obligation	818	(745)

Pension plan assets included common stock of M&T with a fair value of $11,645,000 and $14,674,000 at December 31, 1999 and 1998, respectively.

The Company has a retirement savings plan ("Savings Plan") that is a defined contribution plan in which eligible employees of the Company may defer up to 15% of qualified compensation via contributions to the plan. The Company makes an employer matching contribution in an amount equal to 75% of an employee's contribution, up to 4.5% of the employee's qualified compensation. Employees' accounts, including employee contributions, employer matching contributions and accumulated earnings thereon, are at all times fully vested and nonforfeitable. The Company's contributions to the Savings Plan totaled $6,935,000, $6,085,000 and $5,221,000 in 1999, 1998 and 1997, respectively.

11. INCOME TAXES

The components of income tax expense (benefit) were as follows:

	Year ended December 31		
	1999	1998	1997
	(in thousands)		
Current			
Federal	$139,946	105,751	96,819
State and city	10,926	14,803	16,430
Total current	150,872	120,554	113,249
Deferred			
Federal	1,508	(2,309)	(5,334)
State and city	308	(656)	(1,997)
Total deferred	1,816	(2,965)	(7,331)
Total income taxes applicable to pre-tax income	$152,688	117,589	105,918

The Company files a consolidated federal income tax return reflecting taxable income earned by all subsidiaries. In prior years, applicable federal tax law allowed certain financial institutions the option of deducting as bad debt expense for tax purposes amounts in excess of actual losses. In accordance with generally accepted accounting principles, such financial institutions were not required to provide deferred income taxes on such excess. Recapture of the excess tax bad debt reserve established under the previously allowed method will result in taxable income if M&T Bank fails to maintain bank status as defined in the Internal Revenue Code or charges are made to the reserve for other than bad debt losses. At December 31, 1999 M&T Bank's tax bad debt reserve for which no federal income taxes have been provided was $74,021,000. No actions are planned that would cause this reserve to become wholly or partially taxable.

The portion of income taxes attributable to gains or losses on sales of bank investment securities was an expense of $639,000 and $718,000 in 1999 and 1998, respectively, and a benefit of $114,000 in 1997. No alternative minimum tax expense was recognized in 1999, 1998 or 1997.

11. INCOME TAXES, CONTINUED

Total income taxes differed from the amount computed by applying the statutory federal income tax rate to pre-tax income as follows:

	Year ended December 31		
	1999	1998	1997
	(in thousands)		
Income taxes at statutory rate	$146,410	113,947	98,756
Increase (decrease) in taxes:			
Tax-exempt income	(12,137)	(15,266)	(3,794)
State and city income taxes, net of federal income tax effect	7,302	9,196	9,381
Amortization of goodwill	11,117	8,158	1,571
Other	(4)	1,554	4
	$152,688	117,589	105,918

Deferred tax assets (liabilities) were comprised of the following at December 31:

	1999	1998	1997
	(in thousands)		
Depreciation and amortization	$ 11,090	10,489	8,130
Losses on loans and other assets	127,667	120,422	105,190
Postretirement and other supplemental employee benefits	9,276	5,316	7,163
Incentive compensation plans	14,041	20,395	12,302
Unrealized investment losses	17,906	-	-
Interest on loans	-	-	5,165
Other	7,217	3,140	11,140
Gross deferred tax assets	187,197	159,762	149,090
Interest on loans	(5,495)	(5,025)	-
Retirement benefits	(4,077)	(1,969)	(3,459)
Leasing transactions	(115,586)	(107,187)	(83,347)
Restructured interest rate swap agreements	-	(181)	(3,999)
Capitalized servicing rights	(10,150)	(6,868)	(7,448)
Unrealized investment gains	-	(1,931)	(8,202)
Other	(54)	(504)	(45)
Gross deferred tax liabilities	(135,362)	(123,665)	(106,500)
Net deferred tax asset	$ 51,835	36,097	42,590

The Company believes that it is more likely than not that the net deferred tax asset will be realized through taxable earnings or alternative tax strategies.

11. INCOME TAXES, CONTINUED

The income tax credits shown in the statement of income of M&T in note 21 arise principally from operating losses before dividends from subsidiaries.

12. EARNINGS PER SHARE

The computations of basic earnings per share follow:

	Year ended December 31		
	1999	1998	1997
	(in thousands, except per share)		
Income available to common stockholders			
Net income	$265,626	207,974	176,241
Weighted-average shares outstanding (including common stock issuable)	7,800	7,619	6,625
Basic earnings per share	$34.05	27.30	26.60

The computations of diluted earnings per share follow:

	Year ended December 31		
	1999	1998	1997
	(in thousands, except per share)		
Income available to common stockholders	$265,626	207,974	176,241
Weighted-average shares outstanding	7,800	7,619	6,625
Plus: incremental shares from assumed conversion of stock options	290	331	352
Adjusted weighted-average shares outstanding	8,090	7,950	6,977
Diluted earnings per share	$32.83	26.16	25.26

13. COMPREHENSIVE INCOME

The following table displays the components of other comprehensive income:

	Before-tax amount	Income taxes	Net
		(in thousands)	
For the year ended December 31, 1999			
Unrealized losses on investment securities:			
Unrealized holding losses	$(47,178)	(19,198)	(27,980)
Reclassification adjustment for gains realized in net income	1,575	639	936
Net unrealized losses	$(48,753)	(19,837)	(28,916)
For the year ended December 31, 1998			
Unrealized losses on investment securities:			
Unrealized holding losses(a)	$(13,657)	(5,553)	(8,104)
Reclassification adjustment for gains realized in net income	1,761	718	1,043
Net unrealized losses	$(15,418)	(6,271)	(9,147)
For the year ended December 31, 1997			
Unrealized gains on investment securities:			
Unrealized holding gains	$ 24,242	9,907	14,335
Reclassification adjustment for losses realized in net income	(280)	(114)	(166)
Net unrealized gains	$ 24,522	10,021	14,501

(a) Including the effect of the contribution of appreciated investment securities described in note 14.

14. OTHER INCOME AND OTHER EXPENSE

The following items, which exceeded 1% of total interest income and other income in the respective period, were included in either other revenues from operations or other costs of operations in the consolidated statement of income:

	Year ended December 31		
	1999	1998	1997
	(in thousands)		
Other income:			
Mutual fund and annuity sales	$24,480	17,974	15,336
Bank owned life insurance	22,487	17,629	
Other expense:			
Professional services	31,527	30,537	22,845
Non-cash charitable contribution(a)		24,585	

(a) 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 $.7 million.

15. INTERNATIONAL ACTIVITIES

The Company engages in certain international activities consisting largely of collecting Eurodollar deposits, engaging in foreign currency trading and providing credit to support the international activities of domestic companies. Net assets identified with international activities amounted to $27,203,000 and $32,891,000 at December 31, 1999 and 1998, respectively. Deposits at M&T Bank's offshore branch office were $242,691,000 and $303,270,000 at December 31, 1999 and 1998, respectively.

16. DERIVATIVE FINANCIAL INSTRUMENTS

As part of managing interest rate risk, the Company has entered into several interest rate swap agreements. The swaps modify the repricing characteristics of certain portions of the Company's portfolios of earning assets and interest-bearing liabilities. Interest rate swap agreements are generally entered into with counterparties that meet established credit standards and most contain collateral provisions protecting the at-risk party. The Company considers the credit risk inherent in these contracts to be negligible.

Information about interest rate swaps entered into for interest rate risk management purposes summarized by type of financial instrument the swaps were intended to modify follows:

	Notional amount	Average maturity	Weighted-average Rate		Estimated fair value-gain(loss)
			fixed	variable	
	(in thousands)	(in years)			(in thousands)
December 31, 1999					
Fixed rate available for sale investment securities:					
Non-amortizing(a)	$ 50,000	8.1	5.26%	6.46%	$ 5,646
Variable rate loans:					
Non-amortizing	660,000	.3	6.29%	6.14%	540
Fixed rate loans:					
Amortizing(a)	49,279	8.5	6.81%	6.24%	1,244
Amortizing-forward-starting(b)	372,800	7.5	5.94%	5.64%	23,863
Fixed rate time deposits:					
Non-amortizing	847,000	1.5	6.46%	6.09%	(5,014)
Fixed rate borrowings:					
Non-amortizing	50,000	3.6	5.85%	6.07%	(1,770)
	$2,029,079	2.6	6.27%	6.04%	$ 24,509

16. DERIVATIVE FINANCIAL INSTRUMENTS, CONTINUED

	Notional Amount (in thousands)	Average maturity (in years)	Weighted-average rate fixed	Weighted-average rate variable	Estimated fair value-gain(loss) (in thousands)
DECEMBER 31, 1998					
Fixed rate available for sale investment securities:					
Non-amortizing(a)	$ 50,000	9.1	5.26%	5.55%	$ 445
Variable rate loans:					
Non-amortizing	1,060,000	1.0	6.10%	5.28%	10,907
Fixed rate loans:					
Amortizing(a)	32,209	8.7	7.17%	5.55%	(3,875)
Amortizing-forward-starting(b)	390,800	8.6	5.95%	5.64%	(8,380)
Fixed rate time deposits:					
Non-amortizing	1,154,000	2.0	6.59%	5.21%	22,533
Fixed rate borrowings:					
Non-amortizing	125,000	2.1	5.75%	5.28%	1,360
	$2,812,009	2.7	6.26%	5.31%	$22,990

Under all swap agreements, the Company receives settlement amounts at a fixed rate and pays at a variable rate, except for:

(a) Under the terms of these swaps, the Company receives settlement amounts at a variable rate and pays at a fixed rate.

(b) Under the terms of these forward-starting swaps the Company will receive settlement amounts at a variable rate and pay at a fixed rate.

Forward-starting swaps entered into as of December 31, 1999 will begin to accrue amounts receivable and payable beginning in the years indicated below:

	Notional amount (in thousands)
Year ending December 31:	
2000	$186,044
2001	186,756
	$372,800

16. DERIVATIVE FINANCIAL INSTRUMENTS, CONTINUED

The estimated fair value of interest rate swap agreements represents the amount the Company would have expected to receive (pay) to terminate such contracts. Since these swaps have been entered into for interest rate risk management purposes, the estimated market appreciation or depreciation should be considered in the context of the entire balance sheet of the Company. The estimated fair value of interest rate swaps entered into for interest rate risk management purposes is not recognized in the consolidated financial statements, except for swaps that modify the repricing characteristics of investment securities classified as available for sale. Changes in the fair value of such swaps and investment securities are included in other comprehensive income, net of applicable income taxes.

The notional amounts of amortizing swaps may vary over the term of a swap agreement. The notional amount of the Company's amortizing swaps linked to fixed rate loans declines by the amount of scheduled principal payments of the loans. The notional amount of a non-amortizing swap does not change during the term of an agreement. At December 31, 1999 the notional amount of interest rate swaps outstanding mature as follows:

	AMORTIZING	NON-AMORTIZING
	(in thousands)	
Year ending December 31:		
2000	$ 1,868	1,040,000
2001	8,184	213,000
2002	8,908	159,000
2003	10,693	80,000
2004	11,542	35,000
Later years	380,884	80,000
	$422,079	1,607,000

The net effect of interest rate swaps was to increase net interest income by $26,100,000 in 1999, $16,156,000 in 1998 and $14,089,000 in 1997. Excluding forward-starting swaps, the average notional amount of interest rate swaps impacting net interest income which were entered into for interest rate risk management purposes were $1,944,813,000 in 1999, $2,521,426,000 in 1998 and $2,691,638,000 in 1997.

During 1995 and 1994, the Company restructured several interest rate swap agreements with notional amounts of $260 million and $500 million, respectively, from amortizing to non-amortizing. The purpose of the restructurings was to enhance the effectiveness of the swaps in managing the Company's exposure to changing interest rates in future years. Losses resulting from the early termination of the amortizing swaps and equal amounts of purchase discount received on the restructured non-amortizing swaps were recognized as a result of these transactions and included in the carrying amount of loans which the swaps modified. The purchase discount is being accreted to interest income over the remaining term of the restructured

16. DERIVATIVE FINANCIAL INSTRUMENTS, CONTINUED

swap. Deferred losses, which became fully amortized in 1999, had been amortized over the terms of the original swaps. The amortization of deferred losses and accretion of purchase discounts were $.3 million and $6.3 million, respectively, in 1999, $9.2 million and $9.1 million, respectively, in 1998 and $11.3 million and $9.6 million, respectively, in 1997. Purchase discounts related to a restructured swap remaining at December 31, 1999 were $403,000, all of which will accrete to interest income in 2000.

Derivative financial instruments used for trading purposes included foreign exchange and other option contracts, foreign exchange forward and spot contracts, interest rate swap contracts and financial futures. The following table includes information about the estimated fair value of derivative financial instruments used for trading purposes:

	1999	1998
December 31:	(in thousands)	
Gross unrealized gains	$29,088	54,424
Gross unrealized losses	32,303	49,833
Year ended December 31:		
Average gross unrealized gains	$33,588	42,174
Average gross unrealized losses	32,622	39,083

Net losses arising from derivative financial instruments used for trading purposes were $1,699,000 in 1999. Net gains of $2,648,000 and $2,072,000 were realized in 1998 and 1997, respectively.

17. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," requires disclosure of the estimated "fair value" of financial instruments. "Fair value" is generally defined as the price a willing buyer and a willing seller would exchange for a financial instrument in other than a distressed sale situation. Disclosures related to fair value presented herein are as of December 31, 1999 and 1998.

With the exception of marketable securities, certain off-balance sheet financial instruments and one-to-four family residential mortgage loans originated for sale, the Company's financial instruments are not readily marketable and market prices do not exist. The Company, in attempting to comply with the provisions of SFAS No. 107, has not attempted to market its financial instruments to potential buyers, if any exist. Since negotiated prices in illiquid markets depend greatly upon the then present motivations of the buyer and seller, it is reasonable to assume that actual sales prices could vary widely from any estimate of fair value made without the benefit of negotiations. Additionally, changes in market interest rates can dramatically impact the value of financial instruments in a short period of time.

17. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

The estimated fair values of investments in readily marketable debt and equity securities were based on quoted market prices at the respective year-end. In arriving at estimated fair value of other financial instruments, the Company generally used calculations based upon discounted cash flows of the related financial instruments. In general, discount rates used for loan products were based on the Company's pricing at the respective year-end. A higher discount rate was assumed with respect to estimated cash flows associated with nonaccrual loans.

As more fully described in note 3, the carrying value and estimated fair value of investment securities were as follows:

December 31	Carrying Value	Estimated Fair Value
	(in thousands)	
1999	$1,900,522	1,898,860
1998	2,785,564	2,785,647

The following table presents the carrying value and calculated estimates of fair value of loans and commitments related to loans originated for sale:

	Carrying Value	Calculated Estimate
	(in thousands)	
December 31, 1999		
Commercial loans and leases	$ 3,650,023	3,642,157
Commercial real estate loans	6,509,185	6,473,654
Residential real estate loans	4,128,831	4,051,351
Consumer loans and leases	3,118,732	3,134,102
	$17,406,771	17,301,264
December 31, 1998		
Commercial loans and leases	$ 3,174,778	3,181,096
Commercial real estate loans	5,458,876	5,520,305
Residential real estate loans	4,261,555	4,320,221
Consumer loans and leases	2,896,321	2,925,269
	$15,791,530	15,946,891

The allowance for credit losses represented the Company's assessment of the overall level of credit risk inherent in the portfolio and totaled $316,165,000 and $306,347,000 at December 31, 1999 and 1998, respectively.

As described in note 18, in the normal course of business, various commitments and contingent liabilities are outstanding, such as loan commitments, credit guarantees and letters of credit. The Company's pricing

17. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

of such financial instruments is based largely on credit quality and relationship, probability of funding and other requirements. Commitments generally have fixed expiration dates and contain termination and other clauses which provide for relief from funding in the event of significant deterioration in the credit quality of the customer. The rates and terms of the Company's loan commitments, credit guarantees and letters of credit are competitive with other financial institutions operating in markets served by the Company. The Company believes that the carrying amounts are reasonable estimates of the fair value of these financial instruments. Such carrying amounts, comprised principally of unamortized fee income, are included in other liabilities and totaled $5,434,000 and $7,630,000 at December 31, 1999 and 1998, respectively.

SFAS No. 107 requires that the estimated fair value ascribed to noninterest-bearing deposits, savings deposits and NOW accounts be established at carrying value because of the customers' ability to withdraw funds immediately. Additionally, time deposit accounts are required to be revalued based upon prevailing market interest rates for similar maturity instruments.

The following summarizes the results of these calculations:

	Carrying Value	Calculated Estimate
	(in thousands)	
December 31, 1999		
Noninterest-bearing deposits	$2,260,432	2,260,432
Savings deposits and NOW accounts	5,782,152	5,782,152
Time deposits	7,088,345	7,085,462
Deposits at foreign office	242,691	242,691
December 31, 1998		
Noninterest-bearing deposits	$2,066,814	2,066,814
Savings deposits and NOW accounts	5,339,985	5,339,985
Time deposits	7,027,083	7,091,792
Deposits at foreign office	303,270	303,270

The Company believes that deposit accounts have a value greater than that prescribed by SFAS No. 107. The Company feels, however, that the value associated with these deposits is greatly influenced by characteristics of the buyer, such as the ability to reduce the costs of servicing the deposits and the expected deposit attrition which is customary in acquisitions. Accordingly, estimating the fair value of deposits with any degree of certainty is not practical.

As more fully described in note 16, the Company had entered into interest rate swap agreements for purposes of managing the Company's exposure to changing interest rates. The estimated fair value of interest rate swap

17. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

agreements represents the amount the Company would have expected to receive or pay to terminate such swaps. The following table includes information about the estimated fair value of interest rate swaps entered into for interest rate risk management purposes:

	Notional Amount	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value - Gain
		(in thousands)		
December 31				
1999	$2,029,079	32,415	(7,906)	24,509
1998	2,812,009	35,640	(12,650)	22,990

As described in note 16, the Company also uses certain derivative financial instruments as part of its trading activities. Interest rate contracts entered into for trading purposes had notional values and estimated fair value losses of $799 million and $515,000, respectively, at December 31, 1999 and notional values and estimated fair value gains of $436 million and $723,000, respectively, at December 31, 1998. The Company also entered into foreign exchange and other option and futures contracts totaling approximately $573 million and $2.0 billion at December 31, 1999 and 1998, respectively. Such contracts were valued at losses of $2,700,000 and at gains of $3,868,000 at December 31, 1999 and 1998, respectively. All trading account assets and liabilities are recorded in the consolidated balance sheet at estimated fair value. The fair values of all trading account assets and liabilities were $641 million and $633 million, respectively, at December 31, 1999 and $173 million and $51 million, respectively, at December 31, 1998. Included in trading account assets at December 31, 1999 were mortgage-backed securities which M&T held as collateral securing certain agreements to resell securities. The obligations to return such collateral were recorded as noninterest-bearing trading account liabilities and were included in accrued interest and other liabilities in the Company's consolidated balance sheet. The fair value of such collateral (and the related obligation to return collateral) was $600 million at December 31, 1999. There was no similar collateral held at December 31, 1998.

Due to the near maturity of other money-market assets and short-term borrowings, the Company estimates that the carrying value of such instruments approximates estimated fair value. The carrying value and estimated fair value of long-term borrowings were $1,775,133,000 and $1,753,612,000, respectively, at December 31, 1999 and $1,567,543,000 and $1,613,040,000, respectively, at December 31, 1998.

The Company does not believe that the estimated fair value information presented herein is representative of the earnings power or value of the Company. The preceding analysis, which is inherently limited in depicting fair value, also does not consider any value associated with existing

17. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

customer relationships nor the ability of the Company to create value through loan origination, deposit gathering or fee generating activities.

Many of the fair value estimates presented herein are based upon the use of highly subjective information and assumptions and, accordingly, the results may not be precise. Management believes that fair value estimates may not be comparable between financial institutions due to the wide range of permitted valuation techniques and numerous estimates which must be made.

Furthermore, since the disclosed fair value amounts were estimated as of the balance sheet date, the amounts actually realized or paid upon maturity or settlement of the various financial instruments could be significantly different.

18. COMMITMENTS AND CONTINGENCIES

In the normal course of business, various commitments and contingent liabilities are outstanding, such as commitments to extend credit guarantees and "standby" letters of credit (approximately $522,356,000 and $410,357,000 at December 31, 1999 and 1998, respectively) which are not reflected in the consolidated financial statements. No material losses are expected as a result of these transactions. Additionally, the Company had outstanding commitments to originate loans of approximately $4.1 billion and $3.5 billion at December 31, 1999 and 1998, respectively. Since many loan commitments, credit guarantees and "standby" letters of credit expire without being funded in whole or part, the contract amounts are not necessarily indicative of future cash flows. Commitments to sell one-to-four family residential mortgage loans totaled $376,874,000 at December 31, 1999 and $695,444,000 at December 31, 1998.

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 the Company'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 the Company's consolidated results of operations in any future reporting period.

19. SEGMENT INFORMATION

In accordance with the provisions of SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," 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

19. SEGMENT INFORMATION, CONTINUED

segments are Commercial Banking, Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking and Retail Banking.

The financial information of the Company's segments has been compiled utilizing the accounting policies described in note 1 with certain exceptions. The more significant of these exceptions are described herein. The Company allocates interest income or interest expense using a methodology that charges users of funds (assets) interest expense and credits providers of funds (liabilities) with income based on the maturity, prepayment and/or repricing characteristics of the assets and liabilities. The net effect of this allocation is recorded in the "All Other" category. A provision for credit losses is allocated to segments in an amount based largely on actual net charge-offs incurred by the segment during the period plus or minus an amount necessary to adjust the segment's allowance for credit losses due to changes in loan balances. In contrast, the level of the consolidated provision for credit losses is determined using the methodologies described in note 1 to assess the overall adequacy of the allowance for credit losses. Indirect fixed and variable expenses incurred by certain centralized support areas are allocated to segments based on actual usage (for example, volume measurements) and other criteria. Certain types of administrative expenses and bankwide expense accruals (including amortization of goodwill and core deposit intangible) are generally not allocated to segments. Income taxes are allocated to segments based on the Company's marginal statutory tax rate adjusted for any tax-exempt income or non-deductible expenses. Equity is allocated to the segments based on regulatory capital requirements and in proportion to an assessment of the inherent risks associated with the business of the segment (including interest, credit and operating risk).

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 segment results are not necessarily comparable with similar information reported by other financial institutions. Furthermore, changes in management structure or allocation methodologies and procedures may result in changes in reported segment financial data. Information about the Company's segments is presented in the accompanying table.

The Commercial Banking segment provides a wide range of credit products and banking services for middle-market and large commercial customers, largely within the markets the Company serves. Among the services provided by this segment are commercial lending and leasing, deposit products and cash management services. The Commercial Real Estate segment provides credit services which are secured by various types of multifamily residential and commercial real estate and deposit services to its customers. The Discretionary Portfolio segment includes securities, residential mortgage loans and other assets; short-term and long-term borrowed funds; brokered

19. SEGMENT INFORMATION, CONTINUED

certificates of deposit and interest rate swaps related thereto; and offshore branch deposits. This segment also provides services to commercial customers and consumers which include foreign exchange, securities trading and municipal bond underwriting and sales. The Residential Mortgage Banking segment originates and services residential mortgage loans for consumers and sells substantially all of those loans in the secondary market to investors or to banking subsidiaries of M&T. Residential mortgage loans held for sale are included in the Residential Mortgage Banking segment. The Retail Banking segment offers a variety of consumer and small business services through several delivery channels which include traditional and "in-store" banking offices, automated teller machines, telephone banking and personal computer banking. The "All Other" category includes other operating activities of the Company that are not directly attributable to the reported segments as determined in accordance with SFAS No. 131, the difference between the provision for credit losses and the calculated provision allocated to the reportable segments, goodwill and core deposit intangible resulting from acquisitions of financial institutions, the net impact of the Company's internal funds transfer pricing methodology, eliminations of transactions between reportable segments, certain nonrecurring transactions, the residual effects of unallocated support systems and general and administrative expenses, and the impact of interest rate risk management strategies. The amount of intersegment activity eliminated in arriving at consolidated totals was included in the "All Other" category as follows:

	Year ended December 31		
	1999	1998	1997
	(in thousands)		
Revenues	$(41,829)	(52,137)	(31,023)
Expenses	(29,353)	(19,916)	(14,302)
Income taxes (benefit)	(5,076)	(13,111)	(6,804)
Net income (loss)	(7,400)	(19,110)	(9,917)

The Company conducts substantially all of its operations in the United States. There are no transactions with a single customer that in the aggregate result in revenues that exceed ten percent of consolidated total revenues.

19. SEGMENT INFORMATION, CONTINUED

IN THOUSANDS, EXCEPT ASSET DATA	Commercial Banking	Commercial Real Estate	Discretionary Portfolio
For the year ended December 31, 1999			
Net interest income (a)	$ 157,818	121,675	47,530
Noninterest income	30,177	4,351	22,766
	187,995	126,026	70,296
Provision for credit losses	11,316	(143)	3,833
Amortization of goodwill and core deposit intangible	-	-	-
Depreciation and other amortization	442	333	153
Other noninterest expense (b)	44,145	14,402	17,183
Income (loss) before taxes	132,092	111,434	49,127
Income tax expense (benefit)	54,457	47,190	10,898
Net income (loss)	$ 77,635	64,244	38,229
Average total assets (in millions)	$ 4,277	4,118	6,827
Capital expenditures (in millions)	$ -	-	-
For the year ended December 31, 1998			
Net interest income (a)	$ 140,033	108,863	40,611
Noninterest income (b)	20,215	4,624	20,726
	160,248	113,487	61,337
Provision for credit losses	2,964	1,243	2,330
Amortization of goodwill and core deposit intangible	-	-	-
Depreciation and other amortization	467	352	97
Other noninterest expense (b)	42,100	12,336	17,477
Income (loss) before taxes	114,717	99,556	41,433
Income tax expense (benefit) (b)	47,276	42,240	9,749
Net income (loss)	$ 67,441	57,316	31,684
Average total assets (in millions)	$ 3,653	3,527	6,025
Capital expenditures (in millions)	$ -	-	-

IN THOUSANDS, EXCEPT ASSET DATA	Residential Mortgage Banking	Retail Banking	All Other	Total
For the year ended December 31, 1999				
Net interest income (a)	26,854	375,803	29,717	759,397

Noninterest income	104,164	86,493	34,424	282,375
	131,018	462,296	64,141	1,041,772
Provision for credit losses	22	25,480	3,992	44,500
Amortization of goodwill and core deposit intangible	810	-	48,905	49,715
Depreciation and other amortization	20,587	12,462	13,284	47,261
Other noninterest expense (b)	78,836	235,767	91,649	481,982
Income (loss) before taxes	30,763	188,587	(93,689)	418,314
Income tax expense (benefit)	9,984	77,046	(46,887)	152,688
Net income (loss)	20,779	111,541	(46,802)	265,626
Average total assets (in millions)	635	4,244	956	21,057
Capital expenditures (in millions)	-	12	11	23

For the year ended
December 31, 1998

Net interest income (a)	23,797	339,510	19,133	671,947
Noninterest income (b)	111,283	79,391	26,700	262,939
	135,080	418,901	45,833	934,886
Provision for credit losses	(3)	19,557	17,109	43,200
Amortization of goodwill and core deposit intangible	810	-	33,677	34,487
Depreciation and other amortization	21,400	11,007	11,759	45,082
Other noninterest expense (b)	84,237	219,050	111,354	486,554
Income (loss) before taxes	28,636	169,287	(128,066)	325,563
Income tax expense (benefit) (b)	9,089	69,142	(59,907)	117,589
Net income (loss)	19,547	100,145	(68,159)	207,974
Average total assets (in millions)	581	3,781	742	18,309
Capital expenditures (in millions)	1	7	9	17

19. SEGMENT INFORMATION, CONTINUED

IN THOUSANDS, EXCEPT ASSET DATA	Commercial Banking	Commercial Real Estate	Discretionary Portfolio
For the year ended December 31, 1997			
Net interest income (a)	$ 113,193	101,413	43,898
Noninterest income	15,664	3,430	3,824
	128,857	104,843	47,722
Provision for credit losses	549	116	2,939
Amortization of goodwill and core deposit intangible	-	-	-
Depreciation and other amortization	410	407	107
Other noninterest expense	35,443	12,158	15,355
Income (loss) before taxes	92,455	92,162	29,321
Income tax expense (benefit)	38,194	39,204	10,856
Net income (loss)	$ 54,261	52,958	18,465
Average total assets (in millions)	$ 2,777	3,151	3,883
Capital expenditures (in millions)	$ -	-	-

IN THOUSANDS, EXCEPT ASSET DATA	Residential Mortgage Banking	Retail Banking	All Other	Total
For the year ended December 31, 1997				
Net interest income (a)	17,847	279,928	3,127	559,406
Noninterest income	76,837	64,778	25,996	190,529
	94,684	344,706	29,123	749,935
Provision for credit losses	(19)	35,866	6,549	46,000
Amortization of goodwill and core deposit intangible	810	-	6,481	7,291
Depreciation and other amortization	16,357	7,231	10,599	35,111
Other noninterest expense	62,069	190,002	64,347	379,374
Income (loss) before taxes	15,467	111,607	(58,853)	282,159
Income tax expense (benefit)	4,453	45,876	(32,665)	105,918
Net income (loss)	11,014	65,731	(26,188)	176,241
Average total assets (in millions)	360	3,066	72	13,309
Capital expenditures (in millions)	1	5	7	13

(a) Net interest income is the difference between actual 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 $7,710,000 in 1999, $7,186,000 in 1998 and $5,840,000 in 1997 and is eliminated in "All Other" net interest income and income tax expense (benefit).

(b) Including the impact in the "All Other" category of the nonrecurring merger-related expenses described in note 2 and, in 1998, the contribution of appreciated investment securities described in note 14.

20. REGULATORY MATTERS

Payment of dividends by M&T's banking subsidiaries is restricted by various legal and regulatory limitations. Dividends from any banking subsidiary to M&T are limited by the amount of earnings of the banking subsidiary in the current year and the preceding two years. For purposes of this test, at December 31, 1999, approximately $485,176,000 was available for payment of dividends to M&T from banking subsidiaries without prior regulatory approval.

Banking regulations prohibit extensions of credit by the subsidiary banks to M&T unless appropriately secured by assets. Securities of affiliates are not eligible as collateral for this purpose.

The banking subsidiaries are required to maintain noninterest-earning reserves against certain deposit liabilities. During the maintenance periods that included December 31, 1999 and 1998, cash and due from banks included a daily average of $180,666,000 and $158,696,000, respectively, for such purpose.

Federal regulators have adopted capital adequacy guidelines for bank holding companies and banks. Failure to meet minimum capital requirements can result in certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a material effect on the Company's financial statements. Under the capital adequacy guidelines, the so-called "Tier 1 capital" and "Total capital" as a percentage of risk-weighted assets and certain off-balance sheet financial instruments must be at least 4% and 8%, respectively. In addition to these risk-based measures, regulators also require banking institutions that meet certain qualitative criteria to maintain a minimum "leverage" ratio of "Tier 1 capital" to average total assets, adjusted for goodwill and certain other items, of at least 3% to be considered adequately capitalized. As of December 31, 1999, M&T and each of its banking subsidiaries exceeded all applicable capital adequacy requirements.

As of December 31, 1999 and 1998, the most recent notifications from federal regulators categorized each of M&T's banking subsidiaries as well capitalized under the regulatory framework for prompt corrective action. To be considered well capitalized, a banking institution must maintain Tier 1 risk-based capital, total risk-based capital and leverage ratios of at least 6%, 10% and 5%, respectively. Management is unaware of any conditions or events since the latest notifications from federal regulators that have changed the capital adequacy category of M&T's banking subsidiaries.

20. REGULATORY MATTERS, CONTINUED

The capital ratios and amounts of the Company and its banking subsidiaries as of December 31, 1999 and 1998 are presented below:

	M&T (Consolidated)	M&T Bank	M&T Bank, N.A.
	(dollars in thousands)		
December 31, 1999:			
Tier 1 Capital			
Amount	$1,489,676	1,436,204	50,334
Ratio(a)	8.27%	8.19%	10.74%
Minimum required amount(b)	720,343	701,351	18,740
Total Capital			
Amount	1,845,907	1,786,515	55,089
Ratio(a)	10.25%	10.19%	11.76%
Minimum required amount(b)	1,440,686	1,402,702	37,479
Leverage			
Amount	1,489,676	1,436,204	50,334
Ratio(c)	6.92%	6.92%	6.18%
Minimum required amount(b)	645,631	622,845	24,419
December 31, 1998:			
Tier 1 Capital			
Amount	$1,372,333	1,292,611	46,089
Ratio(a)	8.40%	8.07%	14.54%
Minimum required amount(b)	653,408	640,897	12,680
Total Capital			
Amount	1,725,020	1,639,940	51,499
Ratio(a)	10.56%	10.24%	16.25%
Minimum required amount(b)	1,306,816	1,281,795	25,360
Leverage			
Amount	1,372,333	1,292,611	46,089
Ratio(c)	7.02%	6.80%	7.81%
Minimum required amount(b)	586,468	570,226	17,704

(a) The ratio of capital to risk-weighted assets, as defined by regulation.
(b) Minimum amount of capital to be considered adequately capitalized, as defined by regulation.
(c) The ratio of capital to average assets, as defined by regulation.

21. PARENT COMPANY FINANCIAL STATEMENTS

CONDENSED BALANCE SHEET

In thousands	December 31 1999	1998
ASSETS		
Cash		
In subsidiary bank	$ 728	4,583
Other	20	20
Total cash	748	4,603
Due from subsidiaries		
Money-market assets	1,387	4,335
Current income tax receivable	2,451	4,757
Total due from subsidiaries	3,838	9,092
Investments in subsidiaries		
Banks and bank holding company	2,062,694	1,830,222
Other	7,734	7,734
Other assets	15,215	14,817
Total assets	$ 2,090,229	1,866,468
LIABILITIES		
Accrued expenses and other liabilities	$ 6,450	6,369
Short-term borrowings	29,000	-
Long-term borrowings	257,733	257,733
Total liabilities	293,183	264,102
STOCKHOLDERS' EQUITY	1,797,046	1,602,366
Total liabilities and stockholders' equity	$ 2,090,229	1,866,468

CONDENSED STATEMENT OF INCOME

In thousands, except per share	Year ended December 31 1999	1998	1997
INCOME			
Dividends from bank and bank holding company subsidiaries	$ 76,000	121,500	192
Other income	2,618	20,222	8,558
Total income	78,618	141,722	8,750
EXPENSE			
Interest on short-term borrowings	103	-	-
Interest on long-term borrowings	21,516	21,516	16,762
Other expense	2,635	27,168	2,710
Total expense	24,254	48,684	19,472
Income (loss) before income taxes and equity in undistributed income of subsidiaries	54,364	93,038	(10,722)
Income tax credits	8,621	17,541	4,496
Income (loss) before equity in undistributed income of subsidiaries	62,985	110,579	(6,226)
EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES			
Net income of subsidiaries	278,641	218,895	182,659
Less: dividends received	(76,000)	(121,500)	(192)
Equity in undistributed income of subsidiaries	202,641	97,395	182,467
Net income	$ 265,626	207,974	176,241
Net income per common share			
Basic	$ 34.05	27.30	26.60
Diluted	32.83	26.16	25.26

21. PARENT COMPANY FINANCIAL STATEMENTS, CONTINUED

CONDENSED STATEMENT OF CASH FLOWS

	Year ended December 31		
In Thousands	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 265,626	207,974	176,241
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiaries	(202,641)	(97,395)	(182,467)
Dividend-in-kind from subsidiary	-	-	(83)
Provision for deferred income taxes	(209)	793	810
Net change in accrued income and expense	(467)	3,558	(327)
Transfer of noncash assets to charitable foundation	-	9,272	-
Net cash provided (used) by operating activities	62,309	124,202	(5,826)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in subsidiary	-	(60,000)	(19,734)
Other , net	(34)	(808)	(767)
Net cash used by investing activities	(34)	(60,808)	(20,501)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of junior subordinated debt to subsidiaries	-	-	257,733
Net increase in short-term borrowings	29,000	-	-
Purchases of treasury stock	(79,784)	(231,779)	(67,771)
Dividends paid - common	(35,128)	(28,977)	(21,207)
Other, net	16,834	33,029	12,334
Net cash provided (used) by financing activities	(69,078)	(227,727)	181,089
Net increase (decrease) in cash and cash equivalents	$ (6,803)	(164,333)	154,762
Cash and cash equivalents at beginning of year	8,938	173,271	18,509
Cash and cash equivalents at end of year	$ 2,135	8,938	173,271
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Interest received during the year	$ 459	2,496	4,743
Interest paid during the year	21,266	21,516	10,550
Income taxes received during the year	16,965	40,208	2,027

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE. None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT. The terms in office of Roy M. Goodman and Russell A. King as directors of the Registrant will end on April 18, 2000, and they will not be nominees for reelection to the Board of Directors at the 2000 Annual Meeting of Stockholders.

The identification of the Registrant's directors is incorporated by reference to the caption "NOMINEES FOR DIRECTOR" contained in the Registrant's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission on or about March 10, 2000. The identification of the Registrant's executive officers is presented under the caption "Executive Officers of the Registrant" contained in Part I of this Annual Report on Form 10-K.

Disclosure of compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, by the Registrant's directors and executive officers, and persons who are the beneficial owners of more than 10% of the Registrant's common stock, is incorporated by reference to the caption "Section 16(a) Beneficial Ownership Reporting Compliance" contained in the Registrant's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders which will be filed with the Securities and Exchange Commission on or about March 10, 2000.

Item 11. EXECUTIVE COMPENSATION. Incorporated by reference to the Registrant's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission on or about March 10, 2000.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT. Incorporated by reference to the Registrant's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission on or about March 10, 2000.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS. Incorporated by reference to the Registrant's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission on or about March 10, 2000.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) Financial statements and financial statement schedules filed as part of this Annual Report on Form 10-K. See Part II, Item 8. "Financial Statements and Supplementary Data."

Financial statement schedules are not required or are inapplicable, and therefore have been omitted.

(b) Reports on Form 8-K.

On December 28, 1999, the Registrant filed a Current Report on Form 8-K dated December 21, 1999, reporting on its December 21, 1999 public announcement that M&T Bank had entered into an agreement to acquire Matthews, Bartlett, Dedecker, Inc., a property and casualty insurance agency based in Buffalo, New York.

On November 24, 1999, the Registrant filed a Current Report on Form 8-K dated November 24, 1999, reporting on its announcement on that date that its Board of Directors had authorized the Registrant to repurchase up to 190,465 shares of its common stock and that a previously reported repurchase program authorized in February 1999 had been completed on November 22, 1999.

(c) Exhibits required by Item 601 of Regulation S-K.

The exhibits listed on the Exhibit Index on pages 121 through 124 of this Annual Report on Form 10-K have been previously filed, are filed herewith or are incorporated herein by reference to other filings.

(d) Additional financial statement schedules.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 24th day of February, 2000.

M&T BANK CORPORATION

By: /s/ Robert G. Wilmers
Robert G. Wilmers
President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Principal Executive Officer:		
/s/ Robert G. Wilmers Robert G. Wilmers	President and Chief Executive Officer	February 24, 2000
Principal Financial Officer:		
/s/ Michael P. Pinto Michael P. Pinto	Executive Vice President and Chief Financial Officer	February 24, 2000
Principal Accounting Officer:		
/s/ Michael R. Spychala Michael R. Spychala	Senior Vice President and Controller	February 24, 2000

A majority of the board of directors:

- ----------	----------
William F. Allyn	
/s/ Brent D. Baird	February 24, 2000
- ----------	----------
Brent D. Baird	
/s/ John H. Benisch	February 24, 2000
- ----------	----------
John H. Benisch	
/s/ Robert J. Bennett	February 24, 2000
- ----------	----------
Robert J. Bennett	
/s/ C. Angela Bontempo	February 24, 2000
- ----------	----------
C. Angela Bontempo	
- ----------	----------
Robert T. Brady	
/s/ Patrick J. Callan	February 24, 2000
- ----------	----------
Patrick J. Callan	
/s/ R. Carlos Carballada	February 24, 2000
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R. Carlos Carballada	
/s/ Michael J. Falcone	February 24, 2000
- ----------	----------
Michael J. Falcone	
- ----------	----------
Richard E. Garman	
/s/ James V. Glynn	February 24, 2000
- ----------	----------
James V. Glynn	
- ----------	----------
Roy M. Goodman	
/s/ Patrick W.E. Hodgson	February 24, 2000
- ----------	----------
Patrick W.E. Hodgson	
/s/ Samuel T. Hubbard, Jr.	February 24, 2000
- ----------	----------
Samuel T. Hubbard, Jr.	
/s/ Russell A. King	February 24, 2000
- ----------	----------
Russell A. King	
/s/ Reginald B. Newman, II	February 24, 2000
- ----------	----------
Reginald B. Newman, II	

/s/ Peter J. O'Donnell, Jr. - ---------- Peter J. O'Donnell, Jr.	February 24, 2000 ----------
/s/ Jorge G. Pereira - ---------- Jorge G. Pereira	February 24, 2000 ----------
/s/ Robert E. Sadler, Jr. - ---------- Robert E. Sadler, Jr.	February 24, 2000 ----------
/s/ John L. Vensel - ---------- John L. Vensel	February 24, 2000 ----------
/s/ Herbert L. Washington - ---------- Herbert L. Washington	February 24, 2000 ----------
- ---------- John L. Wehle, Jr.	----------
/s/ Christine B. Whitman - ---------- Christine B. Whitman	February 24, 2000 ----------
/s/ Robert G. Wilmers - ---------- Robert G. Wilmers	February 24, 2000 ----------

EXHIBIT INDEX

2.1	Agreement and Plan of Reorganization dated as of December 9, 1998, by and among M&T Bank Corporation, Olympia Financial Corp. and FNB Rochester Corp. Incorporated by reference to Exhibit No. 99.1 to the Form 8-K dated December 9, 1998 (File No. 1-9861).
2.2	Stock Option Agreement dated as of December 9, 1998 by and between M&T Bank Corporation and FNB Rochester Corp. Incorporated by reference to Exhibit No. 99.2 to the Form 8-K dated December 9, 1998 (File No. 1-9861).
2.3	Form of Voting Agreement between the directors of FNB Rochester Corp. and M&T Bank Corporation, dated as of December 9, 1998. Incorporated by reference to Exhibit No. 99.3 to the Form 8-K dated December 9, 1998 (File No. 1-9861).
3.1	Restated Certificate of Incorporation of M&T Bank Corporation dated May 29, 1998. Incorporated by reference to Exhibit No. 3.1 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).
3.2	Bylaws of M&T Bank Corporation as last amended on February 16, 1999. Incorporated by reference to Exhibit No. 3.2 to the Form 10-K for the year ended December 31, 1998 (File No. 1- 9861).
4.1	Instruments defining the rights of security holders, including indentures. Incorporated by reference to Exhibit Nos. 3.1, 3.2, 10.1 and 10.2 hereof.
4.2	Amended and Restated Trust Agreement dated as of January 31, 1997 by and among M&T Bank Corporation, Bankers Trust Company, Bankers Trust (Delaware), and the Administrators named therein. Incorporated by reference to Exhibit No. 4.1 to the Form 8-K dated January 31, 1997 (File No. 1-9861).
4.3	Amendment to Amended and Restated Trust Agreement dated as of January 31, 1997 by and among M&T Bank Corporation, Bankers Trust Company, Bankers Trust (Delaware), and the Administrators named therein. Filed herewith.
4.4	Junior Subordinated Indenture dated as of January 31, 1997 by and between M&T Bank Corporation and Bankers Trust Company. Incorporated by reference to Exhibit No. 4.2 to the Form 8-K dated January 31, 1997 (File No. 1-9861).
4.5	Supplemental Indenture dated December 23, 1999 by and between M&T Bank Corporation and Bankers Trust Company. Filed herewith.
4.6	Guarantee Agreement dated as of January 31, 1997 by and between M&T Bank Corporation and Bankers Trust Company. Incorporated by reference to Exhibit No. 4.3 to Form 8-K dated January 31, 1997 (File No. 1-9861).
4.7	Amendment to Guarantee Agreement dated as of January 31, 1997 by and between M&T Bank Corporation and Bankers Trust Company. Filed herewith.

4.8 Amended and Restated Trust Agreement dated as of June 6, 1997 by and among M&T Bank Corporation, Bankers Trust Company, Bankers Trust (Delaware), and the Administrators named therein. Incorporated by reference to Exhibit No. 4.1 to the Form 8-K dated June 6, 1997 (File No. 1-9861).

4.9 Amendment to Amended and Restated Trust Agreement dated as of June 6, 1997 by and among M&T Bank Corporation, Bankers Trust Company, Bankers Trust (Delaware), and the Administrators named therein. Filed herewith.

4.10 Junior Subordinated Indenture dated as of June 6, 1997 by and between M&T Bank Corporation and Bankers Trust Company. Incorporated by reference to Exhibit No. 4.2 to the Form 8-K dated June 6, 1997 (File No. 1-9861).

4.11 Supplemental Indenture dated December 23, 1999 by and between M&T Bank Corporation and Bankers Trust Company. Filed herewith.

4.12 Guarantee Agreement dated as of June 6, 1997 by and between M&T Bank Corporation and Bankers Trust Company. Incorporated by reference to Exhibit No. 4.3 to Form 8-K dated June 6, 1997 (File No. 1-9861).

4.13 Amendment to Guarantee Agreement dated as of June 6, 1997 by and between M&T Bank Corporation and Bankers Trust Company. Filed herewith.

4.14 Amended and Restated Declaration of Trust dated as of February 4, 1997 by and among Olympia Financial Corp., The Bank of New York, The Bank of New York (Delaware), and the administrative trustees named therein. Filed herewith.

4.15 Amendment to Amended and Restated Declaration of Trust dated as of February 4, 1997 by and among Olympia Financial Corp., The Bank of New York, The Bank of New York (Delaware), and the administrative trustees named therein. Filed herewith.

4.16 Indenture dated as of February 4, 1997 by and between Olympia Financial Corp. and The Bank of New York. Filed herewith.

4.17 Supplemental Indenture dated as of December 17, 1999 by and between Olympia Financial Corp. and The Bank of New York. Filed herewith.

4.18 Common Securities Guarantee Agreement dated as of February 4, 1997 by and between Olympia Financial Corp. and The Bank of New York. Filed herewith.

4.19 Amendment to Common Securities Guarantee Agreement as of December 17, 1999 by and between Olympia Financial Corp. and The Bank of New York. Filed herewith.

4.20 Series A Capital Securities Guarantee Agreement dated as of February 4, 1997 by and between Olympia Financial Corp. and The Bank of New York. Filed herewith.

4.21 Amendment to Series A Capital Securities Guarantee Agreement dated as of December 17, 1999 by and between Olympia Financial Corp. and The Bank of New York. Filed herewith.

10.1 Credit Agreement, dated as of November 19, 1999, between M&T Bank Corporation and CitiBank, N.A. Filed herewith.

10.2 M&T Bank Corporation 1983 Stock Option Plan as last amended on April 20, 1999. Incorporated by reference to Exhibit 10.3 to Form 10-Q for the quarter ended March 31, 1999 (File No. 1-9861).

10.3 M&T Bank Corporation Annual Executive Incentive Plan. Incorporated by reference to Exhibit No. 10.3 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1 - 9861).

Supplemental Deferred Compensation Agreements between Manufacturers and Traders Trust Company and:

10.4 Robert E. Sadler, Jr. dated as of March 7, 1985. Incorporated by reference to Exhibit No. (10)(d)(A) to the Form 10-K for the year ended December 31, 1984 (File No. 0-4561);

10.5 Brian E. Hickey dated as of July 21, 1994. Incorporated by reference to Exhibit No. 10.8 to the Form 10-K for the year ended December 31, 1995 (File No. 1-9861).

10.6 Supplemental Deferred Compensation Agreement, dated July 17, 1989, between The East New York Savings Bank and Atwood Collins, III. Incorporated by reference to Exhibit No. 10.11 to the Form 10-K for the year ended December 31, 1991 (File No. 1-9861).

10.7 M&T Bank Corporation Supplemental Pension Plan, as amended and restated. Incorporated by reference to Exhibit No. 10.7 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).

10.8 M&T Bank Corporation Supplemental Retirement Savings Plan. Incorporated by reference to Exhibit No. 10.8 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).

10.9 M&T Bank Corporation Deferred Bonus Plan, as amended and restated. Incorporated by reference to Exhibit No. 10.9 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).

10.10 M&T Bank Corporation Directors' Stock Plan, as amended and restated. Incorporated by reference to Exhibit No. 10.11 to Form 10-K for the year ended December 31, 1998 (File No. 1-9861).

10.11 Restated 1987 Stock Option and Appreciation Rights Plan of ONBANCorp, Inc. Incorporated by reference to Exhibit 10.11 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).

10.12 1992 ONBANCorp Directors' Stock Option Plan. Incorporated by reference to Exhibit 10.12 of the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).

10.13 Amended Franklin First Financial Corp. 1988 Stock Incentive Plan. Incorporated by reference to Exhibit 10.13 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).

10.14 Employment Agreement, dated April 1, 1998, between M&T Bank Corporation and Robert J. Bennett. Incorporated by reference to Exhibit 10.14 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).

10.15 SERP Assumption Agreement, dated as of January 15, 1993, between Robert J. Bennett and ONBANCorp, Inc. Incorporated by reference to Exhibit 10.15 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).

11.1 Statement re: Computation of Earnings Per Common Share. Incorporated by reference to note 12 of Notes to Financial Statements filed herewith in Part II, Item 8, "Financial Statements and Supplementary Data."

21.1 Subsidiaries of the Registrant. Incorporated by reference to the caption "Subsidiaries" contained in Part I, Item 1 hereof.

23.1 Consent of PricewaterhouseCoopers LLP re: Registration Statement Nos. 33-32044 and 333-16077. Filed herewith.

23.2 Consent of PricewaterhouseCoopers LLP re: Registration Statement Nos. 33-12207, 33-58500, 33-63917, 333-43171, 333-43175 and 333-63985. Filed herewith.

27.1 Article 9 Financial Data Schedule for the year ended December 31, 1999. Filed herewith.

EXHIBIT 4.3

AMENDMENT TO AMENDED AND RESTATED TRUST AGREEMENT

This Amendment to Amended and Restated Trust Agreement (the "Amendment") is made as of December 23, 1999 by and between M&T Bank Corporation, a New York corporation, and Bankers Trust Company, a New York banking corporation.

WITNESSETH

WHEREAS, M&T Bank Corporation, formerly known as First Empire State Corporation, (the "Depositor"), Bankers Trust Company, as property trustee, (in such capacity, the "Property Trustee" and, in its separate corporate capacity and not in its capacity as Property Trustee, the "Bank"), and Bankers Trust (Delaware), a Delaware banking corporation, as Delaware trustee (the "Delaware Trustee") previously entered into an Amended and Restated Trust Agreement dated as of January 31, 1997 (the "Trust Agreement"); and

WHEREAS, the Depositor has changed its corporate name from "First Empire State Corporation" to "M&T Bank Corporation;" and

WHEREAS, the Administrators of the Issuer Trust have changed the name of the Issuer Trust from "First Empire Capital Trust I" to "M&T Capital Trust I;" and

WHEREAS, the Depositor, as Holder of a Majority in Liquidation Amount of the Common Securities, and the Property Trustee desire to further amend the Trust Agreement to provide for the change of the name of the Depositor from "First Empire State Corporation" to "M&T Bank Corporation," and the name of the Issuer Trust from "First Empire Capital Trust I" to "M&T Capital Trust I."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Trust Agreement, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Trust Agreement.

1.2. The definition of "Depositor" in the preamble of the Trust Agreement is amended to mean M&T Bank Corporation.

1.3. The definition of "Issuer Trust" in Section of 1.1 of the Trust Agreement is amended to mean "M&T Capital Trust I."

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Trust Agreement shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Trust Agreement shall remain in full force and effect. References in the Trust Agreement to "this Trust Agreement" shall be deemed to be references to the Trust Agreement as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Trust Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

M&T BANK CORPORATION,
as Holder of a Majority in Liquidation
Amount of the Common Securities

By: /s/ Michael P. Pinto

Michael P. Pinto
Executive Vice President and Chief Financial Officer

BANKERS TRUST COMPANY,
as Property Trustee,
and not in its individual capacity

By: /s/ Christopher D. Lew

Christopher D. Lew
Assistant Treasurer

EXHIBIT 4.5

SUPPLEMENTAL INDENTURE

This Supplemental Indenture is made as of December 23, 1999 by and between M&T Bank Corporation, a New York corporation, and Bankers Trust Company, a New York banking corporation.

WITNESSETH

WHEREAS, M&T Bank Corporation, formerly known as First Empire State Corporation, and Bankers Trust Company, as trustee, (in such capacity, the "Indenture Trustee") previously entered into a Junior Subordinated Indenture dated as of January 31, 1997 (the "Indenture") to provide for the issuance from time to time of unsecured junior subordinated debt securities in series; and

WHEREAS, First Empire State Corporation has changed its corporate name to "M&T Bank Corporation;" and

WHEREAS, the Administrators of the Issuer Trust have changed the name of the First Empire Capital Trust I to "M&T Capital Trust I;" and

WHEREAS, M&T Bank Corporation and the Indenture Trustee desire to amend the Indenture to provide for the change of the name of First Empire State Corporation to "M&T Bank Corporation."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Indenture, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Indenture.

1.2. The words "First Empire State Corporation" are hereby amended to read "M&T Bank Corporation" in each place they appear in the Indenture.

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Indenture shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Indenture shall remain in full force and effect. References in the Indenture to "this Indenture"

shall be deemed to be references to the Indenture as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Indenture and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

M&T BANK CORPORATION

By: /s/ Michael P. Pinto

Michael P. Pinto
Executive Vice President and Chief Financial Officer

BANKERS TRUST COMPANY,
as Trustee, and not in its individual capacity

By: /s/ Christopher D. Lew

Christopher D. Lew
Assistant Treasurer

EXHIBIT 4.7

AMENDMENT TO GUARANTEE AGREEMENT

This Amendment to Guarantee Agreement (the "Amendment") is made as of December 23, 1999 by and between M&T Bank Corporation, a New York corporation, and Bankers Trust Company, a New York banking corporation.

WITNESSETH

WHEREAS, M&T Bank Corporation, formerly known as First Empire State Corporation, (the "Guarantor"), and Bankers Trust Company, as trustee (in such capacity, the "Guarantee Trustee") previously entered into a Guarantee Agreement dated as of January 31, 1997 (the "Guarantee Agreement") by which the Guarantor agreed to make certain payments to the Holders of Capital Securities issued pursuant to an Amended and Restated Trust Agreement dated as of January 31, 1997 by and between Guarantor, in its capacity as Depositor, Bankers Trust Company, as property trustee, and Bankers Trust (Delaware), a Delaware banking corporation, as Delaware trustee; and

WHEREAS, the Guarantor has changed its corporate name from "First Empire State Corporation" to "M&T Bank Corporation;" and

WHEREAS, the Administrators of the Issuer Trust have changed the name of the Issuer Trust from "First Empire Capital Trust I" to "M&T Capital Trust I;" and

WHEREAS, the Guarantor and the Guarantee Trustee desire to amend the Guarantee Agreement to provide for the change of the name of the Guarantor from "First Empire State Corporation" to "M&T Bank Corporation," and the name of the Issuer Trust from "First Empire Capital Trust I" to "M&T Capital Trust I."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Guarantee Agreement, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Guarantee Agreement.

1.2. The definition of "Guarantor" in the preamble of the Guarantee Agreement is amended to mean M&T Bank Corporation.

1.3. The definition of "Issuer Trust" in the preamble of the Guarantee Agreement is amended to mean "M&T Capital Trust I."

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Guarantee Agreement shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Guarantee Agreement shall remain in full force and effect. References in the Guarantee Agreement to "this Guarantee Agreement" shall be deemed to be references to the Guarantee Agreement as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Guarantee Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

M&T BANK CORPORATION,
as Guarantor

By: /s/ Michael P. Pinto

Michael P. Pinto
Executive Vice President and
Chief Financial Officer

BANKERS TRUST COMPANY,
as Guarantee Trustee,
and not in its individual capacity

By: /s/ Christopher D. Lew

Christopher D. Lew
Assistant Treasurer

EXHIBIT 4.9

AMENDMENT TO AMENDED AND RESTATED TRUST AGREEMENT

This Amendment to Amended and Restated Trust Agreement (the "Amendment") is made as of December 23, 1999 by and between M&T Bank Corporation, a New York corporation, and Bankers Trust Company, a New York banking corporation.

WITNESSETH

WHEREAS, M&T Bank Corporation, formerly known as First Empire State Corporation, (the "Depositor"), Bankers Trust Company, as property trustee, (in such capacity, the "Property Trustee" and, in its separate corporate capacity and not in its capacity as Property Trustee, the "Bank"), and Bankers Trust (Delaware), a Delaware banking corporation, as Delaware trustee (the "Delaware Trustee") previously entered into an Amended and Restated Trust Agreement dated as of June 6, 1997 (the "Trust Agreement"); and

WHEREAS, the Depositor has changed its corporate name from "First Empire State Corporation" to "M&T Bank Corporation;" and

WHEREAS, the Administrators of the Issuer Trust have changed the name of the Issuer Trust from "First Empire Capital Trust II" to "M&T Capital Trust II;" and

WHEREAS, the Depositor, as Holder of a Majority in Liquidation Amount of the Common Securities, and the Property Trustee desire to further amend the Trust Agreement to provide for the change of the name of the Depositor from "First Empire State Corporation" to "M&T Bank Corporation," and the name of the Issuer Trust from "First Empire Capital Trust II" to "M&T Capital Trust II."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Trust Agreement, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Trust Agreement.

1.2. The definition of "Depositor" in the preamble of the Trust Agreement is amended to mean M&T Bank Corporation.

1.3. The definition of "Issuer Trust" in Section of 1.1 of the Trust Agreement is amended to mean "M&T Capital Trust II."

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Trust Agreement shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Trust Agreement shall remain in full force and effect. References in the Trust Agreement to "this Trust Agreement" shall be deemed to be references to the Trust Agreement as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Trust Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

M&T BANK CORPORATION,
as Holder of a Majority in Liquidation
Amount of the Common Securities

By: /s/ Michael P. Pinto

Michael P. Pinto
Executive Vice President and Chief Financial Officer

BANKERS TRUST COMPANY,
as Property Trustee,
and not in its individual capacity

By: /s/ Christopher D. Lew

Christopher D. Lew
Assistant Treasurer

EXHIBIT 4.11

SUPPLEMENTAL INDENTURE

This Supplemental Indenture is made as of December 23, 1999 by and between M&T Bank Corporation, a New York corporation, and Bankers Trust Company, a New York banking corporation.

WITNESSETH

WHEREAS, M&T Bank Corporation, formerly known as First Empire State Corporation, and Bankers Trust Company, as trustee, (in such capacity, the "Indenture Trustee") previously entered into a Junior Subordinated Indenture dated as of June 6, 1997 (the "Indenture") to provide for the issuance from time to time of unsecured junior subordinated debt securities in series; and

WHEREAS, First Empire State Corporation has changed its corporate name to "M&T Bank Corporation;" and

WHEREAS, the Administrators of the First Empire Capital Trust II have changed the name of that trust to "M&T Capital Trust II" (the "Issuer Trust"); and

WHEREAS, M&T Bank Corporation and the Indenture Trustee desire to amend the Indenture to provide for the change of the name of First Empire State Corporation to "M&T Bank Corporation" and for the change of the name of the Issuer Trust.

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Indenture, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Indenture.

1.2. The words "First Empire State Corporation" are hereby amended to read "M&T Bank Corporation" in each place they appear in the Indenture.

1.3. The words "First Empire Capital Trust" are hereby amended to read "M&T Capital Trust" in each place they appear in the Indenture.

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Indenture shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Indenture shall remain in full force and effect. References in the Indenture to "this Indenture" shall be deemed to be references to the Indenture as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Indenture and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

M&T BANK CORPORATION

By: /s/ Michael P. Pinto

Michael P. Pinto
Executive Vice President and Chief Financial Officer

BANKERS TRUST COMPANY,
as Trustee, and not in its individual capacity

By: /s/ Christopher D. Lew

Christopher D. Lew
Assistant Treasurer

EXHIBIT 4.13

AMENDMENT TO GUARANTEE AGREEMENT

This Amendment to Guarantee Agreement (the "Amendment") is made as of December 23, 1999 by and between M&T Bank Corporation, a New York corporation, and Bankers Trust Company, a New York banking corporation.

WITNESSETH

WHEREAS, M&T Bank Corporation, formerly known as First Empire State Corporation, (the "Guarantor"), and Bankers Trust Company, as trustee (in such capacity, the "Guarantee Trustee") previously entered into a Guarantee Agreement dated as of June 6, 1997 (the "Guarantee Agreement") by which the Guarantor agreed to make certain payments to the Holders of Capital Securities issued pursuant to an Amended and Restated Trust Agreement dated as of June 6, 1997 by and between Guarantor, in its capacity as Depositor, Bankers Trust Company, as property trustee, and Bankers Trust (Delaware), a Delaware banking corporation, as Delaware trustee; and

WHEREAS, the Guarantor has changed its corporate name from "First Empire State Corporation" to "M&T Bank Corporation;" and

WHEREAS, the Administrators of the Issuer Trust have changed the name of the Issuer Trust from "First Empire Capital Trust II" to "M&T Capital Trust II;" and

WHEREAS, the Guarantor and the Guarantee Trustee desire to amend the Guarantee Agreement to provide for the change of the name of the Guarantor from "First Empire State Corporation" to "M&T Bank Corporation," and the name of the Issuer Trust from "First Empire Capital Trust II" to "M&T Capital Trust II."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Guarantee Agreement, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Guarantee Agreement.

1.2. The definition of "Guarantor" in the preamble of the Guarantee Agreement is amended to mean M&T Bank Corporation.

1.3. The definition of "Issuer Trust" in the preamble of the Guarantee Agreement is amended to mean "M&T Capital Trust II."

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Guarantee Agreement shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Guarantee Agreement shall remain in full force and effect. References in the Guarantee Agreement to "this Guarantee Agreement" shall be deemed to be references to the Guarantee Agreement as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Guarantee Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

M&T BANK CORPORATION,
as Guarantor

By: /S/ MICHAEL P. PINTO

Michael P. Pinto
Executive Vice President
and Chief Financial Officer

BANKERS TRUST COMPANY,
as Guarantee Trustee,
and not in its individual capacity

By: /S/ CHRISTOPHER D. LEW

Christopher D. Lew
Assistant Treasurer

Exhibit 4.14

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AMENDED AND RESTATED DECLARATION

OF TRUST

ONBANK CAPITAL TRUST I

Dated as of February 4, 1997

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* This Cross-Reference Table does not constitute part of the Declaration and shall not affect the interpretation of any of its terms or provisions.

AMENDED AND RESTATED
DECLARATION OF TRUST
OF
ONBANK CAPITAL TRUST I

February 4, 1997

AMENDED AND RESTATED DECLARATION OF TRUST ("Declaration") dated and effective as of February 4, 1997, by the Trustees (as defined herein), the Sponsor (as defined herein) and by the holders, from time to time, of undivided beneficial interests in the Trust to be issued pursuant to this Declaration;

WHEREAS, the Trustees and the Sponsor established OnBank Capital Trust I (the "Trust"), a trust formed under the Delaware Business Trust Act pursuant to a Declaration of Trust dated as of January 24, 1997 (the "Original Declaration"), and a Certificate of Trust filed with the Secretary of State of the State of Delaware on January 24, 1997, for the sole purpose of issuing and selling certain securities representing undivided beneficial interests in the assets of the Trust and investing the proceeds thereof in certain Debentures of the Debenture Issuer (each as hereinafter defined);

WHEREAS, as of the date hereof, no interests in the Trust have been issued;

WHEREAS, all of the Trustees and the Sponsor, by this Declaration, amend and restate each and every term and provision of the Original Declaration; and

NOW, THEREFORE, it being the intention of the parties hereto to continue the Trust as a statutory business trust under the Business Trust Act and that this Declaration constitute the governing instrument of such business trust, the Trustees declare that all assets contributed to the Trust will be held in trust for the benefit of the holders, from time to time, of the securities representing undivided beneficial interests in the assets of the Trust issued hereunder, subject to the provisions of this Declaration.

ARTICLE I
INTERPRETATION AND DEFINITIONS

SECTION 1.1 Definitions.

Unless the context otherwise requires:

(a) Capitalized terms used in this Declaration but not defined in the preamble above have the respective meanings assigned to them in this Section 1.1;

(b) a term defined anywhere in this Declaration has the same meaning throughout;

(c) all references to "the Declaration" or "this Declaration" are to this Declaration as modified, supplemented or amended from time to time;

(d) all references in this Declaration to Articles and Sections and Annexes and Exhibits are to Articles and Sections of and Annexes and Exhibits to this Declaration unless otherwise specified;

(e) a term defined in the Trust Indenture Act has the same meaning when used in this Declaration unless otherwise defined in this Declaration or unless the context otherwise requires; and

(f) a reference to the singular includes the plural and vice versa.

"ADMINISTRATIVE TRUSTEE" has the meaning set forth in Section 5.1.

"AFFILIATE" has the same meaning as given to that term in Rule 405 under the Securities Act or any successor rule thereunder.

"AGENT" means any Paying Agent, Registrar or Exchange Agent.

"AUTHORIZED OFFICER" of a Person means any other Person that is authorized to legally bind such former Person.

"BOOK ENTRY INTEREST" means a beneficial interest in a Global Certificate registered in the name of a Clearing Agency or its nominee, ownership and transfers of which shall be maintained and made through book entries by a Clearing Agency as described in Section 9.4.

"BUSINESS DAY" means any day other than a Saturday or a Sunday or a day on which banking institutions in the City of New

York or Syracuse, New York are authorized or required by law or executive order to close.

"BUSINESS TRUST ACT" means Chapter 38 of Title 12 of the Delaware Code, 12 Del. Code ss.3801 et seq., as it may be amended from time to time, or any successor legislation.

"CAPITAL SECURITY BENEFICIAL OWNER" means, with respect to a Book Entry Interest, a Person who is the beneficial owner of such Book Entry Interest, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of such Clearing Agency).

"CAPITAL SECURITIES" means, collectively, the Series A Capital Securities and the Series B Capital Securities.

"CAPITAL SECURITIES GUARANTEE" means, collectively, the Series A Capital Securities Guarantee and the Series B Capital Securities Guarantee.

"CLEARING AGENCY" means an organization registered as a "Clearing Agency" pursuant to Section 17A of the Exchange Act that is acting as depositary for the Capital Securities and in whose name or in the name of a nominee of that organization shall be registered a Global Certificate and which shall undertake to effect book entry transfers and pledges of the Capital Securities.

"CLEARING AGENCY PARTICIPANT" means a broker, dealer, bank, other financial institution or other Person for whom from time to time the Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

"CLOSING TIME" means the "Closing Time" under the Purchase Agreement.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time, or any successor legislation.

"COMMISSION" means the United States Securities and Exchange Commission as from time to time constituted, or if any time after the execution of this Declaration such Commission is not existing and performing the duties now assigned to it under applicable Federal securities laws, then the body performing such duties at such time.

"COMMON SECURITIES" has the meaning specified in Section 7.1(a).

"COMMON SECURITIES GUARANTEE" means the guarantee agreement dated as of February 4, 1997 of the Sponsor in respect of the Common Securities.

"COMPANY INDEMNIFIED PERSON" means (a) any Administrative Trustee; (b) any Affiliate of any Administrative Trustee; (c) any officers, directors, shareholders, members, partners, employees, representatives or agents of any Administrative Trustee; or (d) any officer, employee or agent of the Trust or its Affiliates.

"CORPORATE TRUST OFFICE" means the office of the Property Trustee at which the corporate trust business of the Property Trustee shall, at any particular time, be principally administered, which office at the date of execution of this Agreement is located at 101 Barclay Street, 21 West, New York, New York 10286.

"COVERED PERSON" means: (a) any officer, director, shareholder, partner, member, representative, employee or agent of (i) the Trust or (ii) the Trust's Affiliates; and (b) any Holder of Securities.

"DEBENTURE ISSUER" means ONBANCorp, Inc., a Delaware corporation, or any successor entity resulting from any consolidation, amalgamation, merger or other business combination, in its capacity as issuer of the Debentures under the Indenture.

"DEBENTURE TRUSTEE" means The Bank of New York, a New York banking corporation, as trustee under the Indenture until a successor is appointed thereunder, and thereafter means such successor trustee.

"DEBENTURES" means, collectively, the Series A Debentures and the Series B Debentures.

"DEFAULT" means an event, act or condition that with notice of lapse of time, or both, would constitute an Event of Default.

"DEFINITIVE CAPITAL SECURITIES" shall have the meaning set forth in Section 7.3(c).

"DELAWARE TRUSTEE" has the meaning set forth in Section 5.2.

"DIRECT ACTION" shall have the meaning set forth in Section 3.8(e).

"DISTRIBUTION" means a distribution payable to Holders in accordance with Section 6.1.

"DTC" means The Depository Trust Company, the initial Clearing Agency.

"EVENT OF DEFAULT" in respect of the Securities means an Event of Default (as defined in the Indenture) that has occurred and is continuing in respect of the Debentures.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time, or any successor legislation.

"EXCHANGE AGENT" has the meaning set forth in Section 7.4.

"EXCHANGE OFFER" means the offer that may be made pursuant to the Registration Rights Agreement (i) by the Trust to exchange Series B Capital Securities for Series A Capital Securities and (ii) by the Debenture Issuer to exchange Series B Debentures for Series A Debentures and the Series B Capital Securities Guarantee for the Series A Capital Securities Guarantee.

"FEDERAL RESERVE BOARD" means the Board of Governors of the Federal Reserve System.

"FIDUCIARY INDEMNIFIED PERSON" has the meaning set forth in Section 10.4(b).

"GLOBAL CAPITAL SECURITY" has the meaning set forth in Section 7.3(a).

"HOLDER" means a Person in whose name a Security is registered, such Person being a beneficial owner within the meaning of the Business Trust Act.

"INDEMNIFIED PERSON" means a Company Indemnified Person or a Fiduciary Indemnified Person.

"INDENTURE" means the Indenture dated as of February 4, 1997, among the Debenture Issuer and the Debenture Trustee, as amended from time to time.

"INVESTMENT COMPANY" means an investment company as defined in the Investment Company Act.

"INVESTMENT COMPANY ACT" means the Investment Company Act of 1940, as amended from time to time, or any successor legislation.

"LEGAL ACTION" has the meaning set forth in Section 3.6(g).

"MAJORITY IN LIQUIDATION AMOUNT" means, with respect to the Trust Securities, except as provided in the terms of the Capital Securities or by the Trust Indenture Act, Holder(s) of outstanding Trust Securities voting together as a single class or, as the context may require, Holders of outstanding Capital Securities or Holders of outstanding Common Securities voting separately as a class, who are the record owners of more than 50% of the aggregate liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) of all outstanding Securities of the relevant class.

"OFFERING MEMORANDUM" has the meaning set forth in Section 3.6(b).

"OFFICERS' CERTIFICATE" means, with respect to any Person, a certificate signed by the Chairman, a Vice Chairman, the Chief Executive Officer, the President, a Vice President, the Comptroller, the Secretary or an Assistant Secretary, or the Secretary or an Assistant Secretary of such Person. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Declaration shall include:

(a) a statement that each officer signing the Certificate has read the covenant or condition and the definitions relating thereto;

(b) a brief statement of the nature and scope of the examination or investigation undertaken by each officer in rendering the Certificate;

(c) a statement that each such officer has made such examination or investigation as, in such officer's opinion, is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

"OPINION OF COUNSEL" means a written opinion of counsel, who may be an employee of the Sponsor, and who shall be acceptable to the Property Trustee.

"PAYING AGENT" has the meaning specified in Section 7.4.

"PERSON" means a legal person, including any individual, corporation, estate, partnership, joint venture, association,

joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"PORTAL" has the meaning set forth in Section 3.6(b)(iii).

"PROPERTY TRUSTEE" has the meaning set forth in Section 5.3(a).

"PROPERTY TRUSTEE ACCOUNT" has the meaning set forth in Section 3.8(c).

"PURCHASE AGREEMENT" means the Purchase Agreement for the initial offering and sale of Capital Securities in the form of Exhibit C.

"QIBs" shall mean qualified institutional buyers as defined in Rule 144A.

"QUORUM" means a majority of the Administrative Trustees or, if there are only two Administrative Trustees, both of them.

"REGISTRAR" has the meaning set forth in Section 7.4.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement dated as of February 4, 1997, by and among the Trust, the Debenture Issuer and the Initial Purchasers named therein, as amended from time to time.

"REGISTRATION STATEMENT" has the meaning set forth in the Registration Rights Agreement.

"RELATED PARTY" means, with respect to the Sponsor, any direct or indirect wholly owned subsidiary of the Sponsor or any other Person that owns, directly or indirectly, 100% of the outstanding voting securities of the Sponsor.

"RESPONSIBLE OFFICER" means any officer within the Corporate Trust Office of the Property Trustee, including any vice-president, any assistant vice-president, any assistant secretary, the treasurer, any assistant treasurer or other officer of the Corporate Trust Office of the Property Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"RESTRICTED DEFINITIVE CAPITAL SECURITIES" has the meaning set forth in Section 7.3(c).

"RESTRICTED CAPITAL SECURITY" means a Capital Security required by Section 9.2 to contain a Restricted Securities Legend.

"RESTRICTED SECURITIES LEGEND" has the meaning set forth in Section 9.2.

"RULE 3a-5" means Rule 3a-5 under the Investment Company Act, or any successor rule or regulation.

"RULE 144" means Rule 144 under the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission.

"RULE 144A" means Rule 144A under the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission.

"SECURITIES" OR "TRUST SECURITIES" means the Common Securities and the outstanding Capital Securities.

"SECURITIES ACT" means the Securities Act of 1933, as amended from time to time, or any successor legislation.

"SECURITIES GUARANTEES" means the Common Securities Guarantee and the Capital Securities Guarantee.

"SERIES A CAPITAL SECURITIES" has the meaning specified in Section 7.1(a).

"SERIES B CAPITAL SECURITIES" has the meaning specified in Section 7.1(a).

"SERIES A CAPITAL SECURITIES GUARANTEE" means the guarantee agreement dated as of February 4, 1997, by the Sponsor in respect of the Series A Capital Securities.

"SERIES B CAPITAL SECURITIES GUARANTEE" means the guarantee agreement to be entered in connection with the Exchange Offer by the Sponsor in respect of the Series B Capital Securities.

"SERIES A DEBENTURES" means the Series A 9.25% Junior Subordinated Deferrable Interest Debentures due February 1, 2027 of the Debenture Issuer issued pursuant to the Indenture.

"SERIES B DEBENTURES" means the Series B 9.25% Junior Subordinated Deferrable Interest Debentures due February 1, 2027

of the Debenture Issuer issued pursuant to the Indenture in the event of the Exchange Offer.

"SPECIAL EVENT" has the meaning set forth in Annex I hereto.

"SPONSOR" means ONBANCorp, Inc., a Delaware corporation, or any successor entity resulting from any merger, consolidation, amalgamation or other business combination, in its capacity as sponsor of the Trust.

"SUPER MAJORITY" has the meaning set forth in Section 2.6(a)(ii).

"10% IN LIQUIDATION AMOUNT" means, with respect to the Trust Securities, except as provided in the terms of the Capital Securities or by the Trust Indenture Act, Holder(s) of outstanding Trust Securities voting together as a single class or, as the context may require, Holders of outstanding Capital Securities or Holders of outstanding Common Securities voting separately as a class, who are the record owners of 10% or more of the aggregate liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) of all outstanding Securities of the relevant class.

"TREASURY REGULATIONS" means the income tax regulations, including temporary and proposed regulations, promulgated under the Code by the United States Treasury, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"TRUSTEE" or "TRUSTEES" means each Person who has signed this Declaration as a trustee, so long as such Person shall continue in office in accordance with the terms hereof, and all other Persons who may from time to time be duly appointed, qualified and serving as Trustees in accordance with the provisions hereof, and references herein to a Trustee or the Trustees shall refer to such Person or Persons solely in their capacity as trustees hereunder.

"TRUST INDENTURE ACT" means the Trust Indenture Act of 1939, as amended from time to time, or any successor legislation.

"UNRESTRICTED GLOBAL CAPITAL SECURITY" has the meaning set forth in Section 9.2(b).

ARTICLE II
TRUST INDENTURE ACT

SECTION 2.1 TRUST INDENTURE ACT; APPLICATION.

(a) This Declaration is subject to the provisions of the Trust Indenture Act that are required to be part of this Declaration in order for this Declaration to be qualified under the Trust Indenture Act and shall, to the extent applicable, be governed by such provisions.

(b) The Property Trustee shall be the only Trustee which is a Trustee for the purposes of the Trust Indenture Act.

(c) If and to the extent that any provision of this Declaration limits, qualifies or conflicts with the duties imposed by Section.Section. 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

(d) The application of the Trust Indenture Act to this Declaration shall not affect the nature of the Securities as equity securities representing undivided beneficial interests in the assets of the Trust.

SECTION 2.2 LISTS OF HOLDERS OF SECURITIES.

(a) Each of the Sponsor and the Administrative Trustees on behalf of the Trust shall provide the Property Trustee, unless the Property Trustee is Registrar for the Securities (i) within 14 days after each record date for payment of Distributions, a list, in such form as the Property Trustee may reasonably require, of the names and addresses of the Holders ("List of Holders") as of such record date, PROVIDED THAT neither the Sponsor nor the Administrative Trustees on behalf of the Trust shall be obligated to provide such List of Holders at any time the List of Holders does not differ from the most recent List of Holders given to the Property Trustee by the Sponsor and the Administrative Trustees on behalf of the Trust, and (ii) at any other time, within 30 days of receipt by the Trust of a written request for a List of Holders as of a date no more than 14 days before such List of Holders is given to the Property Trustee. The Property Trustee shall preserve, in as current a form as is reasonably practicable, all information contained in Lists of Holders given to it or which it receives in the capacity as Paying Agent (if acting in such capacity), PROVIDED THAT the Property Trustee may destroy any List of Holders previously given to it on receipt of a new List of Holders.

(b) The Property Trustee shall comply with its obligations under Section.Section. 311(a), 311(b) and 312(b) of the Trust Indenture Act.

SECTION 2.3 REPORTS BY THE PROPERTY TRUSTEE.

Within 60 days after December 15 of each year, commencing December 15, 1997, the Property Trustee shall provide to the Holders of the Capital Securities such reports as are required by Section. 313 of the Trust Indenture Act, if any, in the form and in the manner provided by Section. 313 of the Trust Indenture Act. The Property Trustee shall also comply with the requirements of Section. 313(d) of the Trust Indenture Act.

SECTION 2.4 PERIODIC REPORTS TO PROPERTY TRUSTEE.

Each of the Sponsor and the Administrative Trustees on behalf of the Trust shall provide to the Property Trustee such documents, reports and information as are required by Section. 314 (if any) and the compliance certificate required by Section. 314 of the Trust Indenture Act in the form, in the manner and at the times required by Section. 314 of the Trust Indenture Act.

SECTION 2.5 EVIDENCE OF COMPLIANCE WITH CONDITIONS PRECEDENT.

Each of the Sponsor and the Administrative Trustees on behalf of the Trust shall provide to the Property Trustee such evidence of compliance with any conditions precedent provided for in this Declaration that relate to any of the matters set forth in Section. 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given by an officer pursuant to Section. 314(c)(1) of the Trust Indenture Act may be given in the form of an Officers' Certificate.

SECTION 2.6 EVENTS OF DEFAULT; WAIVER.

(a) The Holders of a Majority in liquidation amount of Capital Securities may, by vote, on behalf of the Holders of all of the Capital Securities, waive any past Event of Default in respect of the Capital Securities and its consequences, PROVIDED THAT, if the underlying Event of Default under the Indenture:

(i) is not waivable under the Indenture, the Event of Default under the Declaration shall also not be waivable; or

(ii) requires the consent or vote of greater than a majority in aggregate principal amount of the holders of the Debentures (a "Super Majority") to be waived under the Indenture, the Event of Default under the Declaration may only be waived by the vote of the Holders of at least the proportion in aggregate liquidation amount of the Capital Securities that the relevant Super Majority represents of the aggregate principal amount of the Debentures outstanding.

The foregoing provisions of this Section 2.6(a) shall be in lieu of Section. 316(a)(1)(B) of the Trust Indenture Act and such Section. 316(a)(1)(B) of the Trust Indenture Act is hereby expressly excluded from this Declaration and the Securities, as permitted by the Trust Indenture Act. Upon such waiver, any such default shall cease to exist, and any Event of Default with respect to the Capital Securities arising therefrom shall be deemed to have been cured, for every purpose of this Declaration, but no such waiver shall extend to any subsequent or other default or an Event of Default with respect to the Capital Securities or impair any right consequent thereon. Any waiver by the Holders of the Capital Securities of an Event of Default with respect to the Capital Securities shall also be deemed to constitute a waiver by the Holders of the Common Securities of any such Event of Default with respect to the Common Securities for all purposes of this Declaration without any further act, vote, or consent of the Holders of the Common Securities.

(b) The Holders of a Majority in liquidation amount of the Common Securities may, by vote, on behalf of the Holders of all of the Common Securities, waive any past Event of Default with respect to the Common Securities and its consequences, PROVIDED THAT, if the underlying Event of Default under the Indenture:

(i) is not waivable under the Indenture, except where the Holders of the Common Securities are deemed to have waived such Event of Default under the Declaration as provided below in this Section 2.6(b), the Event of Default under the Declaration shall also not be waivable; or

(ii) requires the consent or vote of a Super Majority to be waived, except where the Holders of the Common Securities are deemed to have waived such Event of Default under the Declaration as provided below in this Section 2.6(b), the Event of Default under the Declaration may only be waived by the vote of the Holders of at least the proportion in aggregate liquidation amount of the Common Securities that the relevant Super Majority represents of the aggregate principal amount of the Debentures outstanding;

PROVIDED FURTHER, the Holders of Common Securities will be deemed to have waived any such Event of Default and all Events of Default with respect to the Common Securities and its consequences if all Events of Default with respect to the Capital Securities have been cured, waived or otherwise eliminated, and until such Events of Default have been so cured, waived or otherwise eliminated, the Property Trustee will be deemed to be acting solely on behalf of the Holders of the Capital Securities and only the Holders of the Capital Securities will have the right to direct the Property Trustee in accordance with the terms of the Securities. The foregoing provisions of this Section 2.6(b)

shall be in lieu of Section.Section. 316(a)(1)(A) and 316(a)(1)(B) of the Trust Indenture Act and such Section.Section. 316(a)(1)(A) and 316(a)(1)(B) of the Trust Indenture Act are hereby expressly excluded from this Declaration and the Securities, as permitted by the Trust Indenture Act. Subject to the foregoing provisions of this Section 2.6(b), upon such waiver, any such default shall cease to exist and any Event of Default with respect to the Common Securities arising therefrom shall be deemed to have been cured for every purpose of this Declaration, but no such waiver shall extend to any subsequent or other default or Event of Default with respect to the Common Securities or impair any right consequent thereon.

(c) A waiver of an Event of Default under the Indenture by the Property Trustee, at the direction of the Holders of the Capital Securities, constitutes a waiver of the corresponding Event of Default under this Declaration. The foregoing provisions of this Section 2.6(c) shall be in lieu of ss. 316(a)(1)(B) of the Trust Indenture Act and such ss. 316(a)(1)(B) of the Trust Indenture Act is hereby expressly excluded from this Declaration and the Securities, as permitted by the Trust Indenture Act.

SECTION 2.7 EVENT OF DEFAULT; NOTICE.

(a) The Property Trustee shall, within 90 days after the occurrence of an Event of Default, transmit by mail, first class postage prepaid, to the Holders, notices of all defaults with respect to the Securities actually known to a Responsible Officer, unless such defaults have been cured before the giving of such notice (the term "defaults" for the purposes of this Section 2.7(a) being hereby defined to be an Event of Default as defined in the Indenture, not including any periods of grace provided for therein and irrespective of the giving of any notice provided therein); PROVIDED THAT, except for a default in the payment of principal of (or premium, if any) or interest on any of the Debentures, the Property Trustee shall be protected in withholding such notice if and so long as a Responsible Officer in good faith determines that the withholding of such notice is in the interests of the Holders.

(b) The Property Trustee shall not be deemed to have knowledge of any default except:

(i) a default under Sections 5.01(a) and 5.01(b) of the Indenture; or

(ii) any default as to which the Property Trustee shall have received written notice or of which a Responsible Officer charged with the administration of the Declaration shall have actual knowledge.

(c) Within ten Business Days after the occurrence of any Event of Default actually known to the Property Trustee, the

Property Trustee shall transmit notice of such Event of Default to the Holders of the Capital Securities, the Administrative Trustees and the Sponsor, unless such Event of Default shall have been cured or waived. The Sponsor and the Administrative Trustees shall file annually with the Property Trustee a certification as to whether or not they are in compliance with all the conditions and covenants applicable to them under this Declaration.

ARTICLE III
ORGANIZATION

SECTION 3.1 NAME.

The Trust is named "OnBank Capital Trust I" as such name may be modified from time to time by the Administrative Trustees following written notice to the Holders. The Trust's activities may be conducted under the name of the Trust or any other name deemed advisable by the Administrative Trustees.

SECTION 3.2 OFFICE.

The address of the principal office of the Trust is c/o ONBANCorp, Inc., 101 South Salina Street, P.O. Box 4983, Syracuse, New York 13221-4983. On ten Business Days written notice to the Holders of Securities, the Administrative Trustees may designate another principal office.

SECTION 3.3 PURPOSE.

The exclusive purposes and functions of the Trust are (a) to issue and sell the Series A Securities, (b) use the proceeds from the sale of the Securities to acquire the Series A Debentures, (c) in the event of an Exchange Offer, to exchange the Series B Capital Securities for the Series A Capital Securities and (d) except as otherwise limited herein, to engage in only those other activities necessary, advisable or incidental thereto. The Trust shall not borrow money, issue debt or reinvest proceeds derived from investments, mortgage or pledge any of its assets, or otherwise undertake (or permit to be undertaken) any activity that would cause the Trust not to be classified for United States federal income tax purposes as a grantor trust.

SECTION 3.4 AUTHORITY.

Subject to the limitations provided in this Declaration and to the specific duties of the Property Trustee, the Administrative Trustees shall have exclusive and complete authority to carry out the purposes of the Trust. An action taken by the Administrative Trustees in accordance with their powers shall constitute the act of and serve to bind the Trust and an action taken by the Property Trustee on behalf of the Trust in accordance

with its powers shall constitute the act of and serve to bind the Trust. In dealing with the Trustees acting on behalf of the Trust, no person shall be required to inquire into the authority of the Trustees to bind the Trust. Persons dealing with the Trust are entitled to rely conclusively on the power and authority of the Trustees as set forth in this Declaration.

SECTION 3.5 TITLE TO PROPERTY OF THE TRUST.

Except as provided in Section 3.8 with respect to the Debentures and the Property Trustee Account or as otherwise provided in this Declaration, legal title to all assets of the Trust shall be vested in the Trust. The Holders shall not have legal title to any part of the assets of the Trust, but shall have an undivided beneficial interest in the assets of the Trust.

SECTION 3.6 POWERS AND DUTIES OF THE ADMINISTRATIVE TRUSTEES.

The Administrative Trustees shall have the exclusive power, duty and authority to cause the Trust to engage in the following activities:

(a) to issue and sell the Securities in accordance with this Declaration; provided, however, that except as contemplated in Section 7.1(a), (i) the Trust may issue no more than the Capital Securities and no more than one series of Common Securities, (ii) there shall be no interests in the Trust other than the Securities, and (iii) the issuance of Securities shall be limited to a simultaneous issuance of both the Series A Capital Securities and Common Securities at the Closing Time and the exchange of the Series B Capital Securities for the Series A Capital Securities in the event of an Exchange Offer;

(b) in connection with the issue and sale of the Capital Securities, the consummation of the Exchange Offer, or the filing of a shelf registration statement pursuant to the Registration Rights Agreement, at the direction of the Sponsor, to:

(i) prepare and execute, if necessary, an offering memorandum (the "Offering Memorandum") in preliminary and final form prepared by the Sponsor, in relation to the offering and sale of Series A Capital Securities to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), and to execute and file with the Commission, at such time as determined by the Sponsor, any Registration Statement, including any amendments thereto, as contemplated by the Registration Rights Agreement;

(ii) execute and file any documents prepared by the Sponsor, or take any acts as determined by the Sponsor to be necessary in order to qualify or register all or part of the Capital Securities in any State in which the Sponsor has determined to qualify or register such Capital Securities for sale;

(iii) execute and file an application, prepared by the Sponsor, to permit the Capital Securities to trade or be quoted or listed in or on the Private Offerings, Resales and Trading through Automated Linkages ("PORTAL") Market or any other securities exchange, quotation system or the Nasdaq Stock Market's National Market;

(iv) execute and deliver letters, documents, or instruments with DTC and other Clearing Agencies relating to the Capital Securities;

(v) if required, execute and file with the Commission a registration statement on Form 8-A, including any amendments thereto, prepared by the Sponsor, relating to the registration of the Capital Securities under Section 12(b) of the Exchange Act; and

(vi) execute and enter into the Purchase Agreement and the Registration Rights Agreement providing for, among other things, the sale and exchange of the Capital Securities;

(c) to acquire the Series A Debentures with the proceeds of the sale of the Series A Capital Securities and the Common Securities and to exchange the Series A Debentures for a like principal amount of Series B Debentures, pursuant to the Exchange Offer; PROVIDED, HOWEVER, that the Administrative Trustees shall cause legal title to the Debentures to be held of record in the name of the Property Trustee for the benefit of the Holders;

(d) to give the Sponsor and the Property Trustee prompt written notice of the occurrence of a Special Event;

(e) to establish a record date with respect to all actions to be taken hereunder that require a record date be established, including and with respect to, for the purposes of Section.316(c) of the Trust Indenture Act, Distributions, voting rights, redemptions and exchanges, and to issue relevant notices to the Holders of Capital Securities and Holders of Common Securities as to such actions and applicable record dates;

(f) to take all actions and perform such duties as may be required of the Administrative Trustees pursuant to the terms of the Securities;

(g) to bring or defend, pay, collect, compromise, arbitrate, resort to legal action, or otherwise adjust claims or demands of or against the Trust ("Legal Action"), unless pursuant to Section 3.8(e), the Property Trustee has the exclusive power to bring such Legal Action;

(h) to employ or otherwise engage employees and agents (who may be designated as officers with titles) and managers, contractors, advisors, and consultants and pay reasonable compensation for such services;

(i) to cause the Trust to comply with the Trust's obligations under the Trust Indenture Act;

(j) to give the certificate required by Section. 314(a)(4) of the Trust Indenture Act to the Property Trustee, which certificate may be executed by any Administrative Trustee;

(k) to incur expenses that are necessary or incidental to carry out any of the purposes of the Trust;

(l) to act as, or appoint another Person to act as, Registrar and Exchange Agent for the Securities or to appoint a Paying Agent for the Securities as provided in Section 7.4 except for such time as such power to appoint a Paying Agent is vested in the Property Trustee;

(m) to give prompt written notice to the Property Trustee and to Holders of any notice received from the Debenture Issuer of its election to defer payments of interest on the Debentures by extending the interest payment period under the Indenture;

(n) to execute all documents or instruments, perform all duties and powers, and do all things for and on behalf of the Trust in all matters necessary or incidental to the foregoing;

(o) to take all action that may be necessary or appropriate for the preservation and the continuation of the Trust's valid existence, rights, franchises and privileges as a statutory business trust under the laws of the State of Delaware and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Holders or to enable the Trust to effect the purposes for which the Trust was created;

(p) to take any action, not inconsistent with this Declaration or with applicable law, that the Administrative Trustees determine in their discretion to be necessary or desirable in carrying out the activities of the Trust as set out in this Section 3.6, including, but not limited to:

(i) causing the Trust not to be deemed to be an Investment Company required to be registered under the Investment Company Act;

(ii) causing the Trust to be classified for United States federal income tax purposes as a grantor trust; and

(iii) cooperating with the Debenture Issuer to ensure that the Debentures will be treated as indebtedness of the Debenture Issuer for United States federal income tax purposes;

(q) to take all action necessary to consummate the Exchange Offer or otherwise cause the Capital Securities to be registered pursuant to an effective registration statement in accordance with the provisions of the Registration Rights Agreement; and

(r) to take all action necessary to cause all applicable tax returns and tax information reports that are required to be filed with respect to the Trust to be duly prepared and filed by the Administrative Trustees, on behalf of the Trust.

The Administrative Trustees must exercise the powers set forth in this Section 3.6 in a manner that is consistent with the purposes and functions of the Trust set out in Section 3.3, and the Administrative Trustees shall not take any action that is inconsistent with the purposes and functions of the Trust set forth in Section 3.3.

Subject to this Section 3.6, the Administrative Trustees shall have none of the powers or the authority of the Property Trustee set forth in Section 3.8.

Any expenses incurred by the Administrative Trustees pursuant to this Section 3.6 shall be reimbursed by the Debenture Issuer.

SECTION 3.7 PROHIBITION OF ACTIONS BY THE TRUST AND THE TRUSTEES.

(a) The Trust shall not, and the Trustees (including the Property Trustee and the Delaware Trustee) shall not, engage in any activity other than as required or authorized by this Declaration. The Trust shall not:

(i) invest any proceeds received by the Trust from holding the Debentures, but shall distribute all such proceeds to Holders pursuant to the terms of this Declaration and of the Securities;

(ii) acquire any assets other than as expressly provided herein;

(iii) possess Trust property for other than a Trust purpose;

(iv) make any loans or incur any indebtedness other than loans represented by the Debentures;

(v) possess any power or otherwise act in such a way as to vary the Trust assets or the terms of the Securities in any way whatsoever;

(vi) issue any securities or other evidences of beneficial ownership of, or beneficial interest in, the Trust other than the Securities;

(vii) other than as provided in this Declaration or Annex I, (A) direct the time, method and place of conducting any proceeding with respect to any remedy available to the Debenture Trustee, or exercising any trust or power conferred upon the Debenture Trustee with respect to the Debentures, (B) waive any past default that is waivable under the Indenture, or (C) exercise any right to rescind or annul any declaration that the principal of all the Debentures shall be due and payable; or

(viii) consent to any amendment, modification or termination of the Indenture or the Debentures where such consent shall be required unless the Trust shall have received an opinion of a nationally recognized independent tax counsel experienced in such matters to the effect that such amendment, modification or termination will not cause more than an insubstantial risk that for United States federal income tax purposes the Trust will not be classified as a grantor trust.

SECTION 3.8 Powers and Duties of the Property Trustee.

(a) The legal title to the Debentures shall be owned by and held of record in the name of the Property Trustee in trust for the benefit of the Holders. The right, title and interest of the Property Trustee to the Debentures shall vest automatically in each Person who may hereafter be appointed as Property Trustee in accordance with Section 5.7. Such vesting and cessation of title shall be effective whether or not conveyancing documents with regard to the Debentures have been executed and delivered.

(b) The Property Trustee shall not transfer its right, title and interest in the Debentures to the Administrative

Trustees or to the Delaware Trustee (if the Property Trustee does not also act as Delaware Trustee).

(c) The Property Trustee shall:

(i) establish and maintain a segregated non-interest bearing trust account (the "Property Trustee Account") in the name of and under the exclusive control of the Property Trustee on behalf of the Holders and, upon the receipt of payments of funds made in respect of the Debentures held by the Property Trustee, deposit such funds into the Property Trustee Account and make payments or cause the Paying Agent to make payments to the Holders from the Property Trustee Account in accordance with Section 6.1. Funds in the Property Trustee Account shall be held uninvested until disbursed in accordance with this Declaration. The Property Trustee Account shall be an account that is maintained with a banking institution the rating on whose long-term unsecured indebtedness is at least equal to the rating assigned to the Capital Securities or, if the Debentures are so rated, the Debentures, by a "nationally recognized statistical rating organization", as that term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(ii) engage in such ministerial activities as shall be necessary or appropriate to effect the redemption of the Trust Securities to the extent the Debentures are redeemed or mature; and

(iii) upon written notice of distribution issued by the Administrative Trustees in accordance with the terms of the Securities, engage in such ministerial activities as shall be necessary or appropriate to effect the distribution of the Debentures to Holders upon the occurrence of certain events.

(d) The Property Trustee shall take all actions and perform such duties as may be specifically required of the Property Trustee pursuant to the terms of the Securities.

(e) Subject to Section 3.9(a), the Property Trustee shall take any Legal Action which arises out of or in connection with an Event of Default of which a Responsible Officer has actual knowledge or the Property Trustee's duties and obligations under this Declaration or the Trust Indenture Act and if such Property Trustee shall have failed to take such Legal Action, the Holders of the Capital Securities may take such Legal Action, to the same extent as if such Holders of Capital Securities held an aggregate principal amount of Debentures equal to the aggregate liquidation amount of such Capital Securities, without first proceeding against the Property Trustee or the Trust; provided however, that if an Event of Default has occurred and is

continuing and such event is attributable to the failure of the Debenture Issuer to pay the principal of or premium, if any, or interest on the Debentures on the date such principal, premium, if any, or interest is otherwise payable (or in the case of redemption, on the redemption date), then a Holder of Capital Securities may directly institute a proceeding for enforcement of payment to such Holder of the principal of or premium, if any, or interest on the Debentures having a principal amount equal to the aggregate liquidation amount of the Capital Securities of such Holder (a "Direct Action") on or after the respective due date specified in the Debentures. In connection with such Direct Action, the rights of the Holders of the Common Securities will be subrogated to the rights of such Holder of Capital Securities to the extent of any payment made by the Debenture Issuer to such Holder of Capital Securities in such Direct Action. Except as provided in the preceding sentences, the Holders of Capital Securities will not be able to exercise directly any other remedy available to the holders of the Debentures.

(f) The Property Trustee shall not resign as a Trustee unless either:

(i) the Trust has been completely liquidated and the proceeds of the liquidation distributed to the Holders pursuant to the terms of the Securities; or

(ii) a successor Property Trustee has been appointed and has accepted that appointment in accordance with Section 5.7 (a "Successor Property Trustee").

(g) The Property Trustee shall have the legal power to exercise all of the rights, powers and privileges of a holder of Debentures under the Indenture and, if an Event of Default actually known to a Responsible Officer occurs and is continuing, the Property Trustee shall, for the benefit of Holders, enforce its rights as holder of the Debentures subject to the rights of the Holders pursuant to the terms of such Securities.

(h) The Property Trustee shall be authorized to undertake any actions set forth in Section. 317(a) of the Trust Indenture Act.

(i) For such time as the Property Trustee is the Paying Agent, the Property Trustee may authorize one or more Persons to act as additional Paying Agents and to pay Distributions, redemption payments or liquidation payments on behalf of the Trust with respect to all Securities and any such Paying Agent shall comply with Section. 317(b) of the Trust Indenture Act. Any such additional Paying Agent may be removed by the Property Trustee at any time the Property Trustee remains as Paying Agent and a successor Paying Agent or additional Paying Agents may be (but

are not required to be) appointed at any time by the Property Trustee while the Property Trustee is so acting as Paying Agent.

(j) Subject to this Section 3.8, the Property Trustee shall have none of the duties, liabilities, powers or the authority of the Administrative Trustees set forth in Section 3.6.

Notwithstanding anything expressed or implied to the contrary in this Declaration or any Annex or Exhibit hereto, (i) the Property Trustee must exercise the powers set forth in this Section 3.8 in a manner that is consistent with the purposes and functions of the Trust set out in Section 3.3, and (ii) the Property Trustee shall not take any action that is inconsistent with the purposes and functions of the Trust set out in Section 3.3.

SECTION 3.9 CERTAIN DUTIES AND RESPONSIBILITIES OF THE PROPERTY TRUSTEE.

(a) The Property Trustee, before the occurrence of any Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Declaration and in the Securities and no implied covenants shall be read into this Declaration against the Property Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.6) of which a Responsible Officer has actual knowledge, the Property Trustee shall exercise such of the rights and powers vested in it by this Declaration, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) No provision of this Declaration shall be construed to relieve the Property Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Property Trustee shall be determined solely by the express provisions of this Declaration and in the Securities and the Property Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Declaration and in the Securities, and no implied covenants or obligations shall be read into this Declaration against the Property Trustee; and

(B) in the absence of bad faith on the part of the Property Trustee, the Property Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Property Trustee and conforming to the requirements of this Declaration; PROVIDED, HOWEVER, that in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Property Trustee, the Property Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Declaration;

(ii) the Property Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Property Trustee was negligent in ascertaining the pertinent facts;

(iii) the Property Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a Majority in liquidation amount of the Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Property Trustee, or exercising any trust or power conferred upon the Property Trustee under this Declaration;

(iv) no provision of this Declaration shall require the Property Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Declaration or indemnity reasonably satisfactory to the Property Trustee against such risk or liability is not reasonably assured to it;

(v) the Property Trustee's sole duty with respect to the custody, safe keeping and physical preservation of the Debentures and the Property Trustee Account shall be to deal with such property in a similar manner as the Property Trustee deals with similar property for its own account, subject to the protections and limitations on liability afforded to the Property Trustee under this Declaration and the Trust Indenture Act;

(vi) the Property Trustee shall have no duty or liability for or with respect to the value, genuineness, existence or sufficiency of the Debentures or the payment of any taxes or assessments levied thereon or in connection therewith;

(vii) the Property Trustee shall not be liable for any interest on any money received by it except as it may otherwise agree in writing with the Sponsor. Money held by the Property Trustee need not be segregated from other funds held by it except in relation to the Property Trustee Account maintained by the Property Trustee pursuant to Section 3.8(c)(i) and except to the extent otherwise required by law; and

(viii) the Property Trustee shall not be responsible for monitoring the compliance by the Administrative Trustees or the Sponsor with their respective duties under this Declaration, nor shall the Property Trustee be liable for any default or misconduct of the Administrative Trustees or the Sponsor.

SECTION 3.10 Certain Rights of Property Trustee.

(a) Subject to the provisions of Section 3.9:

(i) the Property Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed, sent or presented by the proper party or parties;

(ii) any direction or act of the Sponsor or the Administrative Trustees contemplated by this Declaration may be sufficiently evidenced by an Officers' Certificate;

(iii) whenever in the administration of this Declaration, the Property Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Property Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and conclusively rely upon an Officers' Certificate which, upon receipt of such request, shall be promptly delivered by the Sponsor or the Administrative Trustees;

(iv) the Property Trustee shall have no duty to see to any recording, filing or registration of any instrument (including any financing or continuation statement or any filing under tax or securities laws) or any rerecording, refiling or registration thereof;

(v) the Property Trustee may consult with counsel or other experts of its selection and the advice or opinion of such counsel and experts with respect to legal matters or

advice within the scope of such experts' area of expertise shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion, such counsel may be counsel to the Sponsor or any of its Affiliates, and may include any of its employees. The Property Trustee shall have the right at any time to seek instructions concerning the administration of this Declaration from any court of competent jurisdiction;

(vi) the Property Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Declaration at the request or direction of any Holder, unless such Holder shall have provided to the Property Trustee security and indemnity, reasonably satisfactory to the Property Trustee, against the costs, expenses (including reasonable attorneys' fees and expenses and the expenses of the Property Trustee's agents, nominees or custodians) and liabilities that might be incurred by it in complying with such request or direction, including such reasonable advances as may be requested by the Property Trustee provided, that, nothing contained in this Section 3.10(a)(vi) shall be taken to relieve the Property Trustee, upon the occurrence of an Event of Default, of its obligation to exercise the rights and powers vested in it by this Declaration;

(vii) the Property Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Property Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(viii) the Property Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, custodians, nominees or attorneys and the Property Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(ix) any action taken by the Property Trustee or its agents hereunder shall bind the Trust and the Holders, and the signature of the Property Trustee or its agents alone shall be sufficient and effective to perform any such action and no third party shall be required to inquire as to the authority of the Property Trustee to so act or as to its compliance with any of the terms and provisions of this Declaration, both of which shall be conclusively evidenced by the Property Trustee's or its agent's taking such action;

(x) whenever in the administration of this Declaration the Property Trustee shall deem it desirable to receive instructions with respect to enforcing any remedy or right or taking any other action hereunder, the Property Trustee (i) may request instructions from the Holders which instructions may only be given by the Holders of the same proportion in liquidation amount of the Securities as would be entitled to direct the Property Trustee under the terms of the Securities in respect of such remedy, right or action, (ii) may refrain from enforcing such remedy or right or taking such other action until such instructions are received, and (iii) shall be protected in conclusively relying on or acting in or accordance with such instructions;

(xi) except as otherwise expressly provided by this Declaration, the Property Trustee shall not be under any obligation to take any action that is discretionary under the provisions of this Declaration; and

(xii) the Property Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith, without negligence, and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Declaration.

(b) No provision of this Declaration shall be deemed to impose any duty or obligation on the Property Trustee to perform any act or acts or exercise any right, power, duty or obligation conferred or imposed on it, in any jurisdiction in which it shall be illegal, or in which the Property Trustee shall be unqualified or incompetent in accordance with applicable law, to perform any such act or acts, or to exercise any such right, power, duty or obligation. No permissive power or authority available to the Property Trustee shall be construed to be a duty.

SECTION 3.11 Delaware Trustee.

Notwithstanding any other provision of this Declaration other than Section 5.2, the Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities of the Administrative Trustees or the Property Trustee described in this Declaration. Except as set forth in Section 5.2, the Delaware Trustee shall be a Trustee for the sole and limited purpose of fulfilling the requirements of Section. 3807 of the Business Trust Act.

SECTION 3.12 Execution of Documents.

Unless otherwise determined by the Administrative Trustees, and except as otherwise required by the Business Trust Act, a majority of the Administrative Trustees or, if there are

only two, any Administrative Trustee or, if there is only one, such Administrative Trustee is authorized to execute on behalf of the Trust any documents that the Administrative Trustees have the power and authority to execute pursuant to Section 3.6; provided that, the Registration Statements contemplated by the Registration Rights Agreement and referred to in Section 3.6(b)(i), including any amendments thereto, shall be signed by all of the Administrative Trustees.

SECTION 3.13 NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF SECURITIES.

The recitals contained in this Declaration and the Securities shall be taken as the statements of the Sponsor, and the Trustees do not assume any responsibility for their correctness. The Trustees make no representations as to the value or condition of the property of the Trust or any part thereof. The Trustees make no representations as to the validity or sufficiency of this Declaration or the Securities.

SECTION 3.14 DURATION OF TRUST.

The Trust, unless terminated pursuant to the provisions of Article VIII hereof, shall have existence up to February 1, 2028.

SECTION 3.15 MERGERS.

(a) The Trust may not merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to any Person, except as described in Section 3.15(b) and (c).

(b) The Trust may, at the request of the Sponsor, with the consent of the Administrative Trustees or, if there are more than two, a majority of the Administrative Trustees and without the consent of the Holders, the Delaware Trustee or the Property Trustee, merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to, a trust organized as such under the laws of any State; PROVIDED THAT:

(i) such successor entity (the "Successor Entity") either:

(A) expressly assumes all of the obligations of the Trust under the Securities; or

(B) substitutes for the Securities other securities having substantially the same terms as the Securities (the "Successor Securities") so long as the Successor Securities rank the same as the Securities

rank with respect to Distributions and payments upon liquidation, redemption and otherwise;

(ii) the Sponsor expressly appoints a trustee of the Successor Entity that possesses the same powers and duties as the Property Trustee as the holder of the Debentures;

(iii) the Successor Securities are listed, or any Successor Securities will be listed upon notification of issuance, on any national securities exchange or with another organization on which the Capital Securities are then listed or quoted;

(iv) if the Capital Securities (including any Successor Securities) are rated by any nationally recognized statistical rating organization prior to such transaction, such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause the Capital Securities (including any Successor Securities), or if the Debentures are so rated, the Debentures, to be downgraded by any nationally recognized statistical rating organization;

(v) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the Holders (including the holders of any Successor Securities) in any material respect (other than with respect to any dilution of such Holders' interests in the new entity);

(vi) such Successor Entity has a purpose identical to that of the Trust;

(vii) prior to such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, the Sponsor has received an opinion of an independent counsel to the Trust experienced in such matters to the effect that:

(A) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the Holders (including the holders of any Successor Securities) in any material respect (other than with respect to any dilution of the Holders' interest in the new entity); and

(B) following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, neither the Trust nor the Successor Entity will be required to register as an Investment Company; and

(viii) the Sponsor or any permitted successor or assignee owns all of the common securities of such Successor

Entity and guarantees the obligations of such Successor Entity under the Successor Securities at least to the extent provided by the Capital Securities Guarantee and the Common Securities Guarantee.

(c) Notwithstanding Section 3.15(b), the Trust shall not, except with the consent of Holders of 100% in liquidation amount of the Securities, consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to, any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it if such consolidation, amalgamation, merger, replacement, conveyance, transfer or lease would cause the Trust or the Successor Entity not to be classified as a grantor trust for United States federal income tax purposes.

ARTICLE IV
SPONSOR

SECTION 4.1 SPONSOR'S PURCHASE OF COMMON SECURITIES.

At the Closing Time, the Sponsor will purchase all of the Common Securities then issued by the Trust, in an amount at least equal to approximately, but not less than, 3% of the capital of the Trust, at the same time as the Series A Capital Securities are issued and sold.

SECTION 4.2 RESPONSIBILITIES OF THE SPONSOR.

In connection with the issue and sale of the Capital Securities, the Sponsor shall have the exclusive right and responsibility to engage in the following activities:

(a) to prepare the Offering Memorandum and to prepare for filing by the Trust with the Commission any Registration Statement, including any amendments thereto as contemplated by the Registration Rights Agreement;

(b) to determine the States in which to take appropriate action to qualify or register for sale all or part of the Capital Securities and to do any and all such acts, other than actions which must be taken by the Trust, and advise the Trust of actions it must take, and prepare for execution and filing any documents to be executed and filed by the Trust, as the Sponsor deems necessary or advisable in order to comply with the applicable laws of any such States;

(c) if deemed necessary or advisable by the Sponsor, to prepare for filing by the Trust an application to permit the Capital Securities to trade or be quoted or listed in or on the

Private Offerings, Resales and Trading through Automated Linkages ("PORTAL") market, or any other securities exchange, quotation system or the Nasdaq Stock Market's National Market for listing or quotation of the Capital Securities;

(d) to prepare for filing by the Trust with the Commission a registration statement on Form 8-A relating to the registration of the Capital Securities under Section 12(b) of the Exchange Act, including any amendments thereto; and

(e) to negotiate the terms of the Purchase Agreement and the Registration Rights Agreement providing for the sale and registration of the Capital Securities.

SECTION 4.3 RIGHT TO PROCEED.

The Sponsor acknowledges the rights of the Holders of Capital Securities, in the event that a failure of the Trust to pay Distributions on the Capital Securities is attributable to the failure of the Company to pay interest or principal on the Debentures, to institute a proceeding directly against the Debenture Issuer for enforcement of its payment obligations on the Debentures.

ARTICLE V
TRUSTEES

SECTION 5.1 NUMBER OF TRUSTEES: APPOINTMENT OF CO-TRUSTEE.

The number of Trustees initially shall be five (5), and:

(a) at any time before the issuance of any Securities, the Sponsor may, by written instrument, increase or decrease the number of Trustees; and

(b) after the issuance of any Securities, the number of Trustees may be increased or decreased by vote of the Holders of a Majority in liquidation amount of the Common Securities voting as a class at a meeting of the Holders of the Common Securities;

PROVIDED, HOWEVER, that, the number of Trustees shall in no event be less than two (2); PROVIDED FURTHER that (1) one Trustee, in the case of a natural person, shall be a person who is a resident of the State of Delaware or that, if not a natural person, is an entity which has its principal place of business in the State of Delaware (the "Delaware Trustee"); (2) there shall be at least one Trustee who is an employee or officer of, or is affiliated with the Sponsor (an "Administrative Trustee"); and (3) one Trustee shall be the Property Trustee for so long as this Decla-

ration is required to qualify as an indenture under the Trust Indenture Act, and such Trustee may also serve as Delaware Trustee if it meets the applicable requirements. Notwithstanding the above, unless an Event of Default shall have occurred and be continuing, at any time or times, for the purpose of meeting the legal requirements of the Trust Indenture Act or of any jurisdiction in which any part of the Trust's property may at the time be located, the Holders of a Majority in liquidation amount of the Common Securities acting as a class at a meeting of the Holders of the Common Securities, and the Administrative Trustees shall have power to appoint one or more persons either to act as a co-trustee, jointly with the Property Trustee, of all or any part of the Trust's property, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in such capacity any property, title, right or power deemed necessary or desirable, subject to the provisions of this Declaration. In case an Event of Default has occurred and is continuing, the Property Trustee alone shall have power to make any such appointment of a co-trustee.

SECTION 5.2 DELAWARE TRUSTEE.

If required by the Business Trust Act, one Trustee (the "Delaware Trustee") shall be:

(a) a natural person who is a resident of the State of Delaware; or

(b) if not a natural person, an entity which has its principal place of business in the State of Delaware, and otherwise meets the requirements of applicable law,

PROVIDED THAT, if the Property Trustee has its principal place of business in the State of Delaware and otherwise meets the requirements of applicable law, then the Property Trustee shall also be the Delaware Trustee and Section 3.11 shall have no application.

SECTION 5.3 PROPERTY TRUSTEE; ELIGIBILITY.

(a) There shall at all times be one Trustee (the "Property Trustee") which shall act as Property Trustee which shall:

(i) not be an Affiliate of the Sponsor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or Person permitted by the Commission to act as an institutional trustee under the Trust Indenture Act,

authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least 50 million U.S. dollars ($50,000,000), and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then for the purposes of this Section 5.3(a)(ii), the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) If at any time the Property Trustee shall cease to be eligible to so act under Section 5.3(a), the Property Trustee shall immediately resign in the manner and with the effect set forth in Section 5.7(c).

(c) If the Property Trustee has or shall acquire any "conflicting interest" within the meaning of ss. 310(b) of the Trust Indenture Act, the Property Trustee and the Holder of the Common Securities (as if it were the obligor referred to in ss. 310(b) of the Trust Indenture Act) shall in all respects comply with the provisions of ss. 310(b) of the Trust Indenture Act.

(d) The Capital Securities Guarantee shall be deemed to be specifically described in this Declaration for purposes of clause (i) of the first provision contained in Section 310(b) of the Trust Indenture Act.

(e) The initial Property Trustee shall be:

The Bank of New York
101 Barclay Street
New York, New York 10286

Attention: Corporate Trust Trustee Administration

SECTION 5.4 CERTAIN QUALIFICATIONS OF ADMINISTRATIVE TRUSTEES AND DELAWARE TRUSTEE GENERALLY.

Each Administrative Trustee and the Delaware Trustee (unless the Property Trustee also acts as Delaware Trustee) shall be either a natural person who is at least 21 years of age or a legal entity that shall act through one or more Authorized Officers.

SECTION 5.5 ADMINISTRATIVE TRUSTEES.

The initial Administrative Trustees shall be:

Donald G. Cook

William LeBeau
Randy J. Wiley

(a) Except as expressly set forth in this Declaration and except if a meeting of the Administrative Trustees is called with respect to any matter over which the Administrative Trustees have power to act, any power of the Administrative Trustees may be exercised by, or with the consent of, any one such Administrative Trustee.

(b) Unless otherwise determined by the Administrative Trustees, and except as otherwise required by the Business Trust Act or applicable law, any Administrative Trustee is authorized to execute on behalf of the Trust any documents which the Administrative Trustees have the power and authority to cause the Trust to execute pursuant to Section 3.6, PROVIDED, THAT, the registration statement referred to in Section 3.6, including any amendments thereto, shall be signed by all of the Administrative Trustees; and

(c) An Administrative Trustee may, by power of attorney consistent with applicable law, delegate to any other natural person over the age of 21 his or her power for the purposes of signing any documents which the Administrative Trustees have power and authority to cause the Trust to execute pursuant to Section 3.6.

SECTION 5.6 DELAWARE TRUSTEE.

The initial Delaware Trustee shall be:

The Bank of New York (Delaware)
23 White Clay Center
Route 273
Newark, Delaware 19711

SECTION 5.7 APPOINTMENT, REMOVAL AND RESIGNATION OF TRUSTEES.

(a) Subject to Section 5.7(b) and to Section 6(b) of Annex I hereto, Trustees may be appointed or removed without cause at any time:

(i) until the issuance of any Securities, by written instrument executed by the Sponsor;

(ii) unless an Event of Default shall have occurred and be continuing after the issuance of any Securities, by vote of the Holders of a Majority in liquidation amount of the Common Securities voting as a class at a meeting of the Holders of the Common Securities; and

(iii) if an Event of Default shall have occurred and be continuing after the issuance of the Securities, with respect to the Property Trustee or the Delaware Trustee, by vote of Holders of a Majority in liquidation amount of the Capital Securities voting as a class at a meeting of Holders of the Capital Securities.

(b) (i) The Trustee that acts as Property Trustee shall not be removed in accordance with Section 5.7(a) until a Successor Property Trustee has been appointed and has accepted such appointment by written instrument executed by such Successor Property Trustee and delivered to the Administrative Trustees and the Sponsor; and

(ii) the Trustee that acts as Delaware Trustee shall not be removed in accordance with this Section 5.7(a) until a successor Trustee possessing the qualifications to act as Delaware Trustee under Sections 5.2 and 5.4 (a "Successor Delaware Trustee") has been appointed and has accepted such appointment by written instrument executed by such Successor Delaware Trustee and delivered to the Administrative Trustees and the Sponsor.

(c) A Trustee appointed to office shall hold office until his successor shall have been appointed or until his death, removal or resignation. Any Trustee may resign from office (without need for prior or subsequent accounting) by an instrument in writing signed by the Trustee and delivered to the Sponsor and the Trust, which resignation shall take effect upon such delivery or upon such later date as is specified therein; PROVIDED, HOWEVER, that:

(i) No such resignation of the Trustee that acts as the Property Trustee shall be effective:

(A) until a Successor Property Trustee has been appointed and has accepted such appointment by instrument executed by such Successor Property Trustee and delivered to the Trust, the Sponsor and the resigning Property Trustee; or

(B) until the assets of the Trust have been completely liquidated and the proceeds thereof distributed to the Holders; and

(ii) no such resignation of the Trustee that acts as the Delaware Trustee shall be effective until a Successor Delaware Trustee has been appointed and has accepted such appointment by instrument executed by such Successor Delaware Trustee and delivered to the Trust, the Sponsor and the resigning Delaware Trustee.

(d) The Holders of the Common Securities shall use their best efforts to promptly appoint a Successor Delaware Trustee or Successor Property Trustee, as the case may be, if the Property Trustee or the Delaware Trustee delivers an instrument of resignation in accordance with this Section 5.7.

(e) If no Successor Property Trustee or Successor Delaware Trustee shall have been appointed and accepted appointment as provided in this Section 5.7 within 60 days after delivery of an instrument of resignation or removal, the Property Trustee or Delaware Trustee resigning or being removed, as applicable, may petition any court of competent jurisdiction for appointment of a Successor Property Trustee or Successor Delaware Trustee. Such court may thereupon, after prescribing such notice, if any, as it may deem proper and prescribe, appoint a Successor Property Trustee or Successor Delaware Trustee, as the case may be.

(f) No Property Trustee or Delaware Trustee shall be liable for the acts or omissions to act of any Successor Property Trustee or successor Delaware Trustee, as the case may be.

SECTION 5.8 VACANCIES AMONG TRUSTEES.

If a Trustee ceases to hold office for any reason and the number of Trustees is not reduced pursuant to Section 5.1, or if the number of Trustees is increased pursuant to Section 5.1, a vacancy shall occur. A resolution certifying the existence of such vacancy by the Administrative Trustees or, if there are more than two, a majority of the Administrative Trustees shall be conclusive evidence of the existence of such vacancy. The vacancy shall be filled with a Trustee appointed in accordance with Section 5.7.

SECTION 5.9 EFFECT OF VACANCIES.

The death, resignation, retirement, removal, bankruptcy, dissolution, liquidation, incompetence or incapacity to perform the duties of a Trustee shall not operate to dissolve, terminate or annul the Trust. Whenever a vacancy in the number of Administrative Trustees shall occur, until such vacancy is filled by the appointment of an Administrative Trustee in accordance with Section 5.7, the Administrative Trustees in office, regardless of their number, shall have all the powers granted to the Administrative Trustees and shall discharge all the duties imposed upon the Administrative Trustees by this Declaration.

SECTION 5.10 MEETINGS.

If there is more than one Administrative Trustee, meetings of the Administrative Trustees shall be held from time to time upon the call of any Administrative Trustee. Regular

meetings of the Administrative Trustees may be held at a time and place fixed by resolution of the Administrative Trustees. Notice of any in-person meetings of the Administrative Trustees shall be hand delivered or otherwise delivered in writing (including by facsimile, with a hard copy by overnight courier) not less than 24 hours before such meeting. Notice of any telephonic meetings of the Administrative Trustees or any committee thereof shall be hand delivered or otherwise delivered in writing (including by facsimile, with a hard copy by overnight courier) not less than 24 hours before a meeting. Notices shall contain a brief statement of the time, place and anticipated purposes of the meeting. The presence (whether in person or by telephone) of an Administrative Trustee at a meeting shall constitute a waiver of notice of such meeting except where an Administrative Trustee attends a meeting for the express purpose of objecting to the transaction of any activity on the ground that the meeting has not been lawfully called or convened. Unless provided otherwise in this Declaration, any action of the Administrative Trustees may be taken at a meeting by vote of a majority of the Administrative Trustees present (whether in person or by telephone) and eligible to vote with respect to such matter, provided that a Quorum is present, or without a meeting by the unanimous written consent of the Administrative Trustees. In the event there is only one Administrative Trustee, any and all action of such Administrative Trustee shall be evidenced by a written consent of such Administrative Trustee.

SECTION 5.11 DELEGATION OF POWER.

(a) Any Administrative Trustee may, by power of attorney consistent with applicable law, delegate to any other natural person over the age of 21 his or her power for the purpose of executing any documents contemplated in Section 3.6, including any registration statement or amendment thereto filed with the Commission, or making any other governmental filing; and

(b) the Administrative Trustees shall have power to delegate from time to time to such of their number or to officers of the Trust the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Administrative Trustees or otherwise as the Administrative Trustees may deem expedient, to the extent such delegation is not prohibited by applicable law or contrary to the provisions of the Trust, as set forth herein.

Section 5.12 MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS.

Any corporation into which the Property Trustee or the Delaware Trustee or any Administrative Trustee that is not a natural person, as the case may be, may be merged or converted or

with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Property Trustee or the Delaware Trustee, as the case may be, shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Property Trustee or the Delaware Trustee, as the case may be, shall be the successor of the Property Trustee or the Delaware Trustee, as the case may be, hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE VI
DISTRIBUTIONS

SECTION 6.1 DISTRIBUTIONS.

Holders shall receive Distributions in accordance with the applicable terms of the relevant Holder's Securities. If and to the extent that the Debenture Issuer makes a payment of interest (including Compounded Interest (as defined in the Indenture) and Additional Interest (as defined in the Indenture)), premium and/or principal on the Debentures held by the Property Trustee or Liquidated Damages (as defined in the Registration Rights Agreement) or any other payments pursuant to the Registration Rights Agreement with respect to the Debentures held by the Property Trustee (the amount of any such payment being a "Payment Amount"), the Property Trustee shall and is directed, to the extent funds are available for that purpose, to make a distribution (a "Distribution") of the Payment Amount to Holders.

ARTICLE VII
ISSUANCE OF SECURITIES

SECTION 7.1 GENERAL PROVISIONS REGARDING SECURITIES.

(a) The Administrative Trustees shall on behalf of the Trust issue one class of capital securities representing undivided beneficial interests in the assets of the Trust having such terms as are set forth in Annex I (the " Series A Capital Securities") and one class of common securities representing undivided beneficial interests in the assets of the Trust having such terms as are set forth in Annex I (the "Common Securities"). In the event of an Exchange Offer, the Administrative Trustees shall on behalf of the Trust issue one class of capital securities representing undivided beneficial interests in the Trust having such terms as set forth in Annex I (the "Series B Capital Securities") in exchange for the Series A Capital Securities accepted for exchange in the Exchange Offer, which Series B Capital Securities shall not bear the legends required by Section

9.2(i) unless the Holder of such Series A Capital Securities is either (A) a broker-dealer who purchased such Series A Capital Securities directly from the Trust for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (B) a Person participating in the distribution of the Series A Capital Securities or (C) a Person who is an affiliate (as defined in Rule 144A) of the Trust. The Trust shall issue no securities or other interests in the assets of the Trust other than the Capital Securities and the Common Securities.

(b) The consideration received by the Trust for the issuance of the Securities shall constitute a contribution to the capital of the Trust and shall not constitute a loan to the Trust.

(c) Upon issuance of the Securities as provided in this Declaration, the Securities so issued shall be deemed to be validly issued, fully paid and non-assessable.

(d) Every Person, by virtue of having become a Holder or a Capital Security Beneficial Owner in accordance with the terms of this Declaration, shall be deemed to have expressly assented and agreed to the terms of, and shall be bound by, this Declaration.

SECTION 7.2 EXECUTION AND AUTHENTICATION.

(a) The Securities shall be signed on behalf of the Trust by an Administrative Trustee by manual or facsimile signature. In case any Administrative Trustee of the Trust who shall have signed any of the Securities shall cease to be such Administrative Trustee before the Securities so signed shall be delivered by the Trust, such Securities nevertheless may be delivered as though the person who signed such Securities had not ceased to be such Administrative Trustee; and any Securities may be signed on behalf of the Trust by such persons who, at the actual date of execution of such Security, shall be the Administrative Trustees of the Trust, although at the date of the execution and delivery of the Declaration any such person was not such a Administrative Trustee.

(b) One Administrative Trustee shall sign the Capital Securities for the Trust by manual or facsimile signature. Unless otherwise determined by the Trust, such signature shall, in the case of Common Securities, be a manual signature.

A Capital Security shall not be valid until authenticated by the manual signature of an authorized signatory of the Property Trustee. The signature shall be conclusive evidence that the Capital Security has been authenticated under this Declaration.

Upon a written order of the Trust signed by one Administrative Trustee, the Property Trustee shall authenticate the Capital Securities for original issue. The aggregate number of Capital Securities outstanding at any time shall not exceed the number set forth in the Terms in Annex I hereto except as provided in Section 7.6.

The Property Trustee may appoint an authenticating agent acceptable to the Trust to authenticate Capital Securities. An authenticating agent may authenticate Capital Securities whenever the Property Trustee may do so. Each reference in this Declaration to authentication by the Property Trustee includes authentication by such agent. An authenticating agent has the same rights as the Property Trustee to deal with the Sponsor or an Affiliate.

SECTION 7.3 FORM AND DATING.

The Capital Securities and the Property Trustee's certificate of authentication shall be substantially in the form of Exhibit A-1 and the Common Securities shall be substantially in the form of Exhibit A-2, each of which is hereby incorporated in and expressly made a part of this Declaration. Certificates representing the Securities may be printed, lithographed or engraved or may be produced in any other manner as is reasonably acceptable to the Administrative Trustees, as evidenced by their execution thereof. The Securities may have letters, CUSIP or other numbers, notations or other marks of identification or designation and such legends or endorsements required by law, stock exchange rule, agreements to which the Trust is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Trust). The Trust at the direction of the Sponsor shall furnish any such legend not contained in Exhibit A-1 to the Property Trustee in writing. Each Capital Security shall be dated the date of its authentication. The terms and provisions of the Securities set forth in Annex I and the forms of Securities set forth in Exhibits A-1 and A-2 are part of the terms of this Declaration and to the extent applicable, the Property Trustee and the Sponsor, by their execution and delivery of this Declaration, expressly agree to such terms and provisions and to be bound thereby.

(a) GLOBAL SECURITIES. Securities offered and sold to QIBs in reliance on Rule 144A, as provided in the Purchase Agreement, shall be issued in the form of one or more, permanent global Securities in definitive, fully registered form without distribution coupons with the appropriate global legends and Restricted Securities Legend set forth in Exhibit A-1 hereto (a "Global Capital Security"), which shall be deposited on behalf of the purchasers of the Capital Securities represented thereby with the Property Trustee, at its New York office, as custodian for the Clearing Agency, and registered in the name of the Clearing

Agency or a nominee of the Clearing Agency, duly executed by the Trust and authenticated by the Property Trustee as hereinafter provided. The number of Capital Securities represented by a Global Capital Security may from time to time be increased or decreased by adjustments made on the records of the Property Trustee and the Clearing Agency or its nominee as hereinafter provided.

(b) BOOK-ENTRY PROVISIONS. This Section 7.3(b) shall apply only to the Global Capital Securities and such other Capital Securities in global form as may be authorized by the Trust to be deposited with or on behalf of the Clearing Agency.

The Trust shall execute and the Property Trustee shall, in accordance with this Section 7.3, authenticate and make available for delivery initially one or more Global Capital Securities that (i) shall be registered in the name of Cede & Co. or other nominee of such Clearing Agency and (ii) shall be delivered by the Trustee to such Clearing Agency or pursuant to such Clearing Agency's written instructions or held by the Property Trustee as custodian for the Clearing Agency.

Members of, or participants in, the Clearing Agency ("Participants") shall have no rights under this Declaration with respect to any Global Capital Security held on their behalf by the Clearing Agency or by the Property Trustee as the custodian of the Clearing Agency or under such Global Capital Security, and the Clearing Agency may be treated by the Trust, the Property Trustee and any agent of the Trust or the Property Trustee as the absolute owner of such Global Capital Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Trust, the Property Trustee or any agent of the Trust or the Property Trustee from giving effect to any written certification, proxy or other authorization furnished by the Clearing Agency or impair, as between the Clearing Agency and its Participants, the operation of customary practices of such Clearing Agency governing the exercise of the rights of a holder of a beneficial interest in any Global Capital Security.

(c) DEFINITIVE CAPITAL SECURITIES. Except as provided in Section 7.9, owners of beneficial interests in a Global Capital Security will not be entitled to receive physical delivery of certificated Capital Securities ("Definitive Capital Securities"). Purchasers of Securities (other than QIBs) who are "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) will receive Capital Securities in the form of individual certificates in definitive, fully registered form without distribution coupons and with the Restricted Securities Legend set forth in Exhibit A-1 hereto ("Restricted Definitive Capital Securities"); PROVIDED, HOWEVER, that upon transfer of such Restricted Definitive Capital Securities to a QIB, such Restricted Definitive Capital Securities will, unless

the Global Capital Security has previously been exchanged, be exchanged for an interest in a Global Capital Security pursuant to the provisions of Section 9.2. Restricted Definitive Capital Securities will bear the Restricted Securities Legend set forth on Exhibit A-1 unless removed in accordance with this Section

7.3 or Section 9.2.

(d) AUTHORIZED DENOMINATIONS. The Capital Securities are issuable only in denominations of $1,000 and any integral multiple thereof.

SECTION 7.4 REGISTRAR, PAYING AGENT AND EXCHANGE AGENT.

The Trust shall maintain in the Borough of Manhattan, The City of New York, (i) an office or agency where Capital Securities may be presented for registration of transfer ("Registrar"), (ii) an office or agency where Capital Securities may be presented for payment ("Paying Agent") and (iii) an office or agency where Securities may be presented for exchange ("Exchange Agent"). The Registrar shall keep a register of the Capital Securities and of their transfer. The Trust may appoint the Registrar, the Paying Agent and the Exchange Agent and may appoint one or more co-registrars, one or more additional paying agents and one or more additional exchange agents in such other locations as it shall determine. The term "Registrar" includes any additional registrar, "Paying Agent" includes any additional paying agent and the term "Exchange Agent" includes any additional exchange agent. The Trust may change any Paying Agent, Registrar, co-registrar or Exchange Agent without prior notice to any Holder. The Paying Agent shall be permitted to resign as Paying Agent upon 30 days' written notice to the Administrative Trustees. The Trust shall notify the Property Trustee of the name and address of any Agent not a party to this Declaration. If the Trust fails to appoint or maintain another entity as Registrar, Paying Agent or Exchange Agent, the Property Trustee shall act as such. The Trust or any of its Affiliates may act as Paying Agent, Registrar, or Exchange Agent. The Trust shall act as Paying Agent, Registrar, co-registrar, and Exchange Agent for the Common Securities.

The Trust initially appoints the Property Trustee as Registrar, Paying Agent, and Exchange Agent for the Capital Securities.

SECTION 7.5 PAYING AGENT TO HOLD MONEY IN TRUST.

The Trust shall require each Paying Agent other than the Property Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Property Trustee all money held by the Paying Agent for the payment of liquidation amounts or Distributions, and will notify the Property Trustee if there are insufficient funds for such purpose.

While any such insufficiency continues, the Property Trustee may require a Paying Agent to pay all money held by it to the Property Trustee. The Trust at any time may require a Paying Agent to pay all money held by it to the Property Trustee and to account for any money disbursed by it. Upon payment over to the Property Trustee, the Paying Agent (if other than the Trust or an Affiliate of the Trust) shall have no further liability for the money. If the Trust or the Sponsor or an Affiliate of the Trust or the Sponsor acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent.

SECTION 7.6 REPLACEMENT SECURITIES.

If a Holder claims that a Security owned by it has been lost, destroyed or wrongfully taken or if such Security is mutilated and is surrendered to the Trust or in the case of the Capital Securities to the Property Trustee, the Trust shall issue and the Property Trustee shall authenticate a replacement Security if the Property Trustee's and the Trust's requirements, as the case may be, are met. An indemnity bond must be provided by the Holder which, in the judgment of the Property Trustee, is sufficient to protect the Trustees, the Sponsor or any authenticating agent from any loss which any of them may suffer if a Security is replaced. The Trust may charge such Holder for its expenses in replacing a Security.

Every replacement Security is an additional beneficial interest in the Trust.

SECTION 7.7 OUTSTANDING CAPITAL SECURITIES.

The Capital Securities outstanding at any time are all the Capital Securities authenticated by the Property Trustee except for those cancelled by it, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Capital Security is replaced, paid or purchased pursuant to Section 7.6 hereof, it ceases to be outstanding unless the Property Trustee receives proof satisfactory to it that the replaced, paid or purchased Capital Security is held by a bona fide purchaser.

If Capital Securities are considered paid in accordance with the terms of this Declaration, they cease to be outstanding and Distributions on them shall cease to accumulate.

A Capital Security does not cease to be outstanding because one of the Trust, the Sponsor or an Affiliate of the Sponsor holds the Security.

SECTION 7.8 CAPITAL SECURITIES IN TREASURY.

In determining whether the Holders of the required amount of Securities have concurred in any direction, waiver or consent, Capital Securities owned by the Trust, the Sponsor or an Affiliate of the Sponsor, as the case may be, shall be disregarded and deemed not to be outstanding, except that for the purposes of determining whether the Property Trustee shall be fully protected in relying on any such direction, waiver or consent, only Securities which the Property Trustee actually knows are so owned shall be so disregarded.

SECTION 7.9 TEMPORARY SECURITIES.

(a) Until Definitive Securities are ready for delivery, the Trust may prepare and, in the case of the Capital Securities, the Property Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of Definitive Securities but may have variations that the Trust considers appropriate for temporary Securities. Without unreasonable delay, the Trust shall prepare and, in the case of the Capital Securities, the Property Trustee shall authenticate Definitive Securities in exchange for temporary Securities.

(b) A Global Capital Security deposited with the Clearing Agency or with the Property Trustee as custodian for the Clearing Agency pursuant to Section 7.3 shall be transferred to the beneficial owners thereof in the form of certificated Capital Securities only if such transfer complies with Section 9.2 and (i) the Clearing Agency notifies the Company that it is unwilling or unable to continue as Clearing Agency for such Global Capital Security or if at any time such Clearing Agency ceases to be a "clearing agency" registered under the Exchange Act and a clearing agency is not appointed by the Sponsor within 90 days of such notice, (ii) a Default or an Event of Default has occurred and is continuing or (iii) the Trust at its sole discretion elects to cause the issuance of certificated Capital Securities.

(c) Any Global Capital Security that is transferable to the beneficial owners thereof in the form of certificated Capital Securities pursuant to this Section 7.9 shall be surrendered by the Clearing Agency to the Property Trustee located in the Borough of Manhattan, The City of New York, to be so transferred, in whole or from time to time in part, without charge, and the Property Trustee shall authenticate and make available for delivery, upon such transfer of each portion of such Global Capital Security, an equal aggregate liquidation amount of Securities of authorized denominations in the form of certificated Capital Securities. Any portion of a Global Capital Security transferred pursuant to this Section shall be registered in such names as the Clearing Agency shall direct. Any Capital Security in the form of certificated Capital Securities delivered in

exchange for an interest in the Restricted Global Capital Security shall, except as otherwise provided by Sections 7.3 and 9.1, bear the Restricted Securities Legend set forth in Exhibit A-1 hereto.

(d) Subject to the provisions of Section 7.9(c), the Holder of a Global Capital Security may grant proxies and otherwise authorize any person, including Participants and persons that may hold interests through Participants, to take any action which such Holder is entitled to take under this Declaration or the Securities.

(e) In the event of the occurrence of any of the events specified in Section 7.9(b), the Trust will promptly make available to the Property Trustee a reasonable supply of certificated Capital Securities in fully registered form without distribution coupons.

SECTION 7.10 CANCELLATION.

The Trust at any time may deliver Capital Securities to the Property Trustee for cancellation. The Registrar, Paying Agent and Exchange Agent shall forward to the Property Trustee any Capital Securities surrendered to them for registration of transfer, redemption, exchange or payment. The Property Trustee shall promptly cancel all Capital Securities, surrendered for registration of transfer, redemption, exchange, payment, replacement or cancellation and shall dispose of cancelled Capital Securities as the Trust directs, provided that the Property Trustee shall not be obligated to destroy Capital Securities. The Trust may not issue new Capital Securities to replace Capital Securities that it has paid or that have been delivered to the Property Trustee for cancellation or that any holder has exchanged.

SECTION 7.11 CUSIP NUMBERS.

The Trust in issuing the Capital Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Property Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders of Capital Securities; PROVIDED that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Capital Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Capital Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Sponsor will promptly notify the Property Trustee of any change in the CUSIP numbers.

ARTICLE VIII
TERMINATION OF TRUST

SECTION 8.1 TERMINATION OF TRUST.

(a) The Trust shall automatically terminate:

(i) upon the bankruptcy of the Sponsor;

(ii) upon the filing of a certificate of dissolution or liquidation or its equivalent with respect to the Sponsor; or the revocation of the Sponsor's charter and the expiration of 90 days after the date of revocation without a reinstatement thereof;

(iii) following the distribution of a Like Amount of the Debentures to the Holders, PROVIDED THAT, the Property Trustee has received written notice from the Sponsor directing the Property Trustee to terminate the Trust (which direction is optional, and except as otherwise expressly provided below, within the discretion of the Sponsor) and PROVIDED, FURTHER, that such direction and such distribution is conditioned on (i) the prior approval of the Federal Reserve Board if such approval is then required under applicable capital guidelines or policies of the Federal Reserve Board, (ii) the Administrative Trustees' receipt of an opinion of an independent tax counsel experienced in such matters, which opinion may rely on published rulings of the Internal Revenue Service, to the effect that the Holders will not recognize any gain or loss for United States federal income tax purposes as a result of the dissolution of the Trust and the distribution of Debentures;

(iv) upon the entry of a decree of judicial dissolution of the Trust by a court of competent jurisdiction;

(v) when all of the Securities shall have been called for redemption and the amounts necessary for redemption thereof shall have been paid to the Holders in accordance with the terms of the Securities;

(vi) upon the repayment of the Debentures or at such time as no Debentures are outstanding; or

(vii) the expiration of the term of the Trust provided in Section 3.14.

(b) As soon as is practicable after the occurrence of an event referred to in Section 8.1(a), the Administrative Trustees shall file a certificate of cancellation with the Secretary of State of the State of Delaware.

(c) The provisions of Section 3.9 and Article X shall survive the termination of the Trust.

ARTICLE IX
TRANSFER OF INTERESTS

SECTION 9.1 TRANSFER OF SECURITIES.

(a) Securities may only be transferred, in whole or in part, in accordance with the terms and conditions set forth in this Declaration and in the terms of the Securities. Any transfer or purported transfer of any Security not made in accordance with this Declaration shall be null and void.

(b) Subject to this Article IX, Capital Securities may only be transferred, in whole or in part, in accordance with the terms and conditions set forth in this Declaration. Any transfer or purported transfer of any security not made in accordance with this Declaration shall be null and void.

(c) For so long as the Trust Securities remain outstanding, the Sponsor will covenant (i) to directly or indirectly maintain 100% direct or indirect ownership of the Common Securities of the Trust; provided, however, that any permitted successor of the Sponsor under the Indenture may succeed to the Sponsor's ownership of such Common Securities, (ii) not to cause, as sponsor of the Trust, or to permit, as holder of the Common Securities, the dissolution, winding-up or termination of the Trust, except in connection with a distribution of the Debentures as provided in the Declaration and in connection with certain mergers, consolidations or amalgamations and (iii) to use its reasonable efforts to cause the Trust (a) to remain a business trust, except in connection with the distribution of Debentures to the holders of Trust Securities in liquidation of the Trust, the redemption of all of the Trust Securities, or certain mergers, consolidations or amalgamations, each as permitted by the Declaration, and (b) to otherwise continue to be classified as a grantor trust for United States federal income tax purposes.

(d) The Administrative Trustees shall provide for the registration of Securities and of the transfer of Securities, which will be effected without charge but only upon payment (with such indemnity as the Administrative Trustees may require) in respect of any tax or other governmental charges that may be imposed in relation to it. Upon surrender for registration of transfer of any Securities, the Administrative Trustees shall cause one or more new Securities to be issued in the name of the designated transferee or transferees. Every Security surrendered for registration of transfer shall be accompanied by a written instrument of transfer in form satisfactory to the Administrative Trustees duly executed by the Holder or such Holder's attorney

duly authorized in writing. Each Security surrendered for registration of transfer shall be canceled by the Property Trustee (in the case of Capital Securities) or the Trust (in the case of Common Securities). A transferee of a Security shall be entitled to the rights and subject to the obligations of a Holder hereunder upon the receipt by such transferee of a Security. By acceptance of a Security, each transferee shall be deemed to have agreed to be bound by this Declaration.

SECTION 9.2 TRANSFER PROCEDURES AND RESTRICTIONS

(a) GENERAL. Except as otherwise provided in Section 9.2(b), if Capital Securities are issued upon the transfer, exchange or replacement of Capital Securities bearing the Restricted Securities Legend set forth in Exhibit A-1 hereto, or if a request is made to remove such Restricted Securities Legend on Capital Securities, the Capital Securities so issued shall bear the Restricted Securities Legend, or the Restricted Securities Legend shall not be removed, as the case may be, unless there is delivered to the Trust and the Property Trustee such satisfactory evidence, which shall include an Opinion of Counsel licensed to practice law in the State of New York, as may be reasonably required by the Sponsor and the Property Trustee, that neither the legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof are made pursuant to an exception from the registration requirements of the Securities Act or, with respect to Restricted Securities, that such Securities are not "restricted" within the meaning of Rule 144. Upon provision of such satisfactory evidence, the Property Trustee, at the written direction of the Trust, shall authenticate and deliver Capital Securities that do not bear the legend.

(b) TRANSFERS AFTER EFFECTIVENESS OF A REGISTRATION STATEMENT. After the effectiveness of a Registration Statement with respect to any Capital Securities, all requirements pertaining to legends on such Capital Securities will cease to apply, except for the requirements pertaining to the minimum transfer requirements of $100,000, and beneficial interests in a Capital Security in global form without legends will be available to transferees of such Capital Securities, upon exchange of the transferring holder's Restricted Definitive Capital Security or directions to transfer such Holder's beneficial interest in the Global Capital Security as the case may be. No such transfer or exchange of a Restricted Definitive Capital Security or of an interest in the Global Capital Security shall be effective unless the transferor delivers to the Trust a certificate in a form substantially similar to that attached hereto as the form of "Assignment" in Exhibit A-1. Except as otherwise provided in Section 9.2(m), after the effectiveness of a Registration Statement, the Trust shall issue and the Property Trustee, upon a written order of the Trust signed by one Administrative Trustee, shall authenticate a Capital Security in global form without the

Restricted Securities Legend (the "Unrestricted Global Capital Security") to deposit with the Clearing Agency to evidence transfers of beneficial interests from the (i) Global Capital Security and (ii) Restricted Definitive Capital Securities.

(c) TRANSFER AND EXCHANGE OF DEFINITIVE CAPITAL SECURITIES. When Definitive Capital Securities are presented to the Registrar or co-Registrar

(x) to register the transfer of such Definitive Capital Securities; or

(y) to exchange such Definitive Capital Securities which became mutilated, destroyed, defaced, stolen or lost, for an equal number of Definitive Capital Securities,

the Registrar or co-registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; PROVIDED, HOWEVER, that the Definitive Capital Securities surrendered for transfer or exchange:

(i) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Trust and the Registrar or co-registrar, duly executed by the Holder thereof or his attorney duly authorized in writing; and

(ii) in the case of Definitive Capital Securities that are Restricted Definitive Capital Securities:

(A) if such Restricted Capital Securities are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect; or

(B) if such Restricted Capital Securities are being transferred: (i) a certification from the transferor in a form substantially similar to that attached hereto as the form of "Assignment" in Exhibit A-1, and (ii) if the Trust or Registrar so requests, evidence reasonably satisfactory to them as to the compliance with the restrictions set forth in the Restricted Securities Legend.

(d) RESTRICTIONS ON TRANSFER OF A DEFINITIVE CAPITAL SECURITY FOR A BENEFICIAL INTEREST IN A GLOBAL CAPITAL SECURITY. A Definitive Capital Security may not be exchanged for a beneficial interest in a Global Capital Security except upon satisfaction of the requirements set forth below. Upon receipt by the Property Trustee of a Definitive Capital Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Property Trustee, together with:

(i) if such Definitive Capital Security is a Restricted Capital Security, certification (in a form substantially similar to that attached hereto as the form of "Assignment" in Exhibit A-1); and

(ii) whether or not such Definitive Capital Security is a Restricted Capital Security, written instructions directing the Property Trustee to make, or to direct the Clearing Agency to make, an adjustment on its books and records with respect to the appropriate Global Capital Security to reflect an increase in the number of the Capital Securities represented by such Global Capital Security,

then the Property Trustee shall cancel such Definitive Capital Security and cause, or direct the Clearing Agency to cause, the aggregate number of Capital Securities represented by the appropriate Global Capital Security to be increased accordingly. If no Global Capital Securities are then outstanding, the Trust shall issue and the Property Trustee shall authenticate, upon written order of any Administrative Trustee, an appropriate number of Capital Securities in global form.

(e) TRANSFER AND EXCHANGE OF GLOBAL CAPITAL SECURITIES. Subject to Section 9.02(f), the transfer and exchange of Global Capital Securities or beneficial interests therein shall be effected through the Clearing Agency, in accordance with this Declaration (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Clearing Agency therefor.

(f) TRANSFER OF A BENEFICIAL INTEREST IN A GLOBAL CAPITAL SECURITY FOR A DEFINITIVE CAPITAL SECURITY.

(i) Any Person having a beneficial interest in a Global Capital Security may upon request, but only upon 20 days prior notice to the Property Trustee, and if accompanied by the information specified below, exchange such beneficial interest for a Definitive Capital Security representing the same number of Capital Securities. Upon receipt by the Property Trustee from the Clearing Agency or its nominee on behalf of any Person having a beneficial interest in a Global Capital Security of written instructions or such other form of instructions as is customary for the Clearing Agency or the Person designated by the Clearing Agency as having such a beneficial interest in a Restricted Capital Security and a certification from the transferor (in a form substantially similar to that attached hereto as the form of "Assignment" in Exhibit A-1), which may be submitted by facsimile, then the Property Trustee will cause the aggregate number of Capital Securities represented by Global Capital Securities to be reduced on its books and records and, following such reduction, the Trust will execute and the

Property Trustee will authenticate and make available for delivery to the transferee a Definitive Capital Security.

(ii) Definitive Capital Securities issued in exchange for a beneficial interest in a Global Capital Security pursuant to this Section 9.2(f) shall be registered in such names and in such authorized denominations as the Clearing Agency, pursuant to instructions from its Participants or Indirect Participants or otherwise, shall instruct the Property Trustee in writing. The Property Trustee shall deliver such Capital Securities to the persons in whose names such Capital Securities are so registered in accordance with such instructions of the Clearing Agency.

(g) RESTRICTIONS ON TRANSFER AND EXCHANGE OF GLOBAL CAPITAL SECURITIES. Notwithstanding any other provisions of this Declaration (other than the provisions set forth in subsection (h) of this Section 9.2), a Global Capital Security may not be transferred as a whole except by the Clearing Agency to a nominee of the Clearing Agency or another nominee of the Clearing Agency or by the Clearing Agency or any such nominee to a successor Clearing Agency or a nominee of such successor Clearing Agency.

(h) AUTHENTICATION OF DEFINITIVE CAPITAL SECURITIES. If at any time:

(i) there occurs a Default or an Event of Default which is continuing, or

(ii) the Trust, in its sole discretion, notifies the Property Trustee in writing that it elects to cause the issuance of Definitive Capital Securities under this Declaration,

then the Trust will execute, and the Property Trustee, upon receipt of a written order of the Trust signed by one Administrative Trustee requesting the authentication and delivery of Definitive Capital Securities to the Persons designated by the Trust, will authenticate and make available for delivery Definitive Capital Securities, equal in number to the number of Capital Securities represented by the Global Capital Securities, in exchange for such Global Capital Securities.

(i) LEGEND.

(i) Except as permitted by the following paragraph (ii), each Capital Security certificate evidencing the Global Capital Securities and the Definitive Capital Securities (and all Capital Securities issued in exchange therefor

or substitution thereof) shall bear a legend (the "Restricted Securities Legend") in substantially the following form:

THIS CAPITAL SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THIS CAPITAL SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS CAPITAL SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS CAPITAL SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS THREE YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE HEREOF AND THE LAST DATE ON WHICH THE CORPORATION OR ANY "AFFILIATE" OF THE CORPORATION WAS THE OWNER OF THIS CAPITAL SECURITY (OR ANY PREDECESSOR OF THIS CAPITAL SECURITY) ONLY (A) TO THE CORPORATION, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) SO LONG AS THIS CAPITAL SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS CAPITAL SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, SUBJECT

TO THE RIGHT OF THE TRUST AND THE CORPORATION PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (ii) PURSUANT TO CLAUSE (E), TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS CAPITAL SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEREE TO THE TRUST. SUCH HOLDER FURTHER AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS CAPITAL SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

(ii) Upon any sale or transfer of a Restricted Capital Security (including any Restricted Capital Security represented by a Global Capital Security) pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 under the Securities Act after such registration statement ceases to be effective:

(A) in the case of any Restricted Capital Security that is a Definitive Capital Security, the Registrar shall permit the Holder thereof to exchange such Restricted Capital Security for a Definitive Capital Security that does not bear the Restricted Securities Legend and rescind any restriction on the transfer of such Restricted Capital Security; and

(B) in the case of any Restricted Capital Security that is represented by a Global Capital Security, the Registrar shall permit the Holder of such Global Capital Security to exchange such Global Capital Security for another Global Capital Security that does not bear the Restricted Securities Legend.

(j) CANCELLATION OR ADJUSTMENT OF GLOBAL CAPITAL SECURITY. At such time as all beneficial interests in a Global Capital Security have either been exchanged for Definitive Capital Securities to the extent permitted by this Declaration or redeemed, repurchased or canceled in accordance with the terms of this Declaration, such Global Capital Security shall be returned to the Clearing Agency for cancellation or retained and canceled by the Property Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Capital Security is exchanged for Definitive Capital Securities, Capital Securities represented by such Global Capital Security shall be reduced and an adjustment shall be made on the books and records of the Property Trustee (if it is then the custodian for such Global Capital Security) with respect to such Global Capital Security, by the

Property Trustee or the Securities Custodian, to reflect such reduction.

(k) OBLIGATIONS WITH RESPECT TO TRANSFERS AND EXCHANGES OF CAPITAL SECURITIES.

(i) To permit registrations of transfers and exchanges, the Trust shall execute and the Property Trustee shall authenticate Definitive Capital Securities and Global Capital Securities at the Registrar's or co-Registrar's request in accordance with the terms of this Declaration.

(ii) Registrations of transfers or exchanges will be effected without charge, but only upon payment (with such indemnity as the Trust or the Sponsor may require) in respect of any tax or other governmental charge that may be imposed in relation to it.

(iii) The Registrar or co-registrar shall not be required to register the transfer of or exchange of (a) Capital Securities during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption or any notice of selection of Capital Securities for redemption and ending at the close of business on the day of such mailing; or (b) any Capital Security so selected for redemption in whole or in part, except the unredeemed portion of any Capital Security being redeemed in part.

(iv) Prior to the due presentation for registrations of transfer of any Capital Security, the Trust, the Property Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Capital Security is registered as the absolute owner of such Capital Security for the purpose of receiving Distributions on such Capital Security and for all other purposes whatsoever, and none of the Trust, the Property Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

(v) All Capital Securities issued upon any transfer or exchange pursuant to the terms of this Declaration shall evidence the same security and shall be entitled to the same benefits under this Declaration as the Capital Securities surrendered upon such transfer or exchange.

(l) NO OBLIGATION OF THE PROPERTY TRUSTEE.

(i) The Property Trustee shall have no responsibility or obligation to any beneficial owner of a Global Capital Security, a Participant in the Clearing Agency or other Person with respect to the accuracy of the records of the Clearing Agency or its nominee or of any Participant

thereof, with respect to any ownership interest in the Capital Securities or with respect to the delivery to any Participant, beneficial owner or other Person (other than the Clearing Agency) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Capital Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Capital Securities shall be given or made only to or upon the order of the registered Holders (which shall be the Clearing Agency or its nominee in the case of a Global Capital Security). The rights of beneficial owners in any Global Capital Security shall be exercised only through the Clearing Agency subject to the applicable rules and procedures of the Clearing Agency. The Property Trustee may conclusively rely and shall be fully protected in relying upon information furnished by the Clearing Agency or any agent thereof with respect to its Participants and any beneficial owners.

(ii) The Property Trustee and Registrar shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Declaration or under applicable law with respect to any transfer of any interest in any Capital Security (including any transfers between or among Clearing Agency Participants or beneficial owners in any Global Capital Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Declaration, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(m) EXCHANGE OF SERIES A CAPITAL SECURITIES FOR SERIES B CAPITAL SECURITIES. The Series A Capital Securities may be exchanged for Series B Securities pursuant to the terms of the Exchange Offer. The Trustee shall make the exchange as follows:

The Sponsor shall present the Property Trustee with an Officers' Certificate certifying the following:

(A) upon issuance of the Series B Capital Securities, the transactions contemplated by the Exchange Offer have been consummated; and

(B) the number of Series A Capital Securities properly tendered in the Exchange Offer that are represented by a Global Capital Security and the number of Series A Capital Securities properly tendered in the Exchange Offer that are represented by

Definitive Capital Securities, the name of each Holder of such Definitive Capital Securities, the liquidation amount of Capital Securities properly tendered in the Exchange Offer by each such Holder and the name and address to which Definitive Capital Securities for Series B Capital Securities shall be registered and sent for each such Holder.

The Property Trustee, upon receipt of (i) such Officers' Certificate, (ii) an Opinion of Counsel (x) to the effect that the Series B Capital Securities have been registered under Section 5 of the Securities Act and the Indenture has been qualified under the Trust Indenture Act and (y) with respect to the matters set forth in Section 3(p) of the Registration Rights Agreement and (iii) a Company Order, shall authenticate (A) a Global Capital Security for Series B Capital Securities in aggregate liquidation amount equal to the aggregate liquidation amount of Series A Capital Securities represented by a Global Capital Security indicated in such Officers' Certificate as having been properly tendered and (B) Definitive Capital Securities representing Series B Capital Securities registered in the names of, and in the liquidation amounts indicated in such Officers' Certificate.

If, upon consummation of the Exchange Offer, less than all the outstanding Series A Capital Securities shall have been properly tendered and not withdrawn, the Property Trustee shall make an endorsement on the Global Capital Security for Series A Capital Securities indicating the reduction in the number and aggregate liquidation amount represented thereby as a result of the Exchange Offer.

The Trust shall deliver such Definitive Capital Securities for Series B Capital Securities to the Holders thereof as indicated in such Officers' Certificate.

(n) MINIMUM TRANSFERS. Series A Capital Securities and, when issued, Series B Capital Securities may only be transferred in minimum blocks of $100,000 aggregate liquidation amount. Any transfer of Series A Capital Securities or Series B Capital Securities in a block having an aggregate liquidation amount of less than $100,000 shall be deemed to be voided and of no legal effect whatsoever. Any such transferee shall be deemed not to be a holder of such Series A or Series B Capital Securities for any purpose, including, but not limited to, the receipt of payments on such Capital Securities, and such transferee shall be deemed to have no interest whatsoever in such Capital Securities.

SECTION 9.3 DEEMED SECURITY HOLDERS.

The Trustees may treat the Person in whose name any Security shall be registered on the books and records of the Trust as the sole owner of such Security for purposes of receiving Distributions and for all other purposes whatsoever and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Security on the part of any Person, whether or not the Trust shall have actual or other notice thereof.

SECTION 9.4 BOOK ENTRY INTERESTS.

Global Capital Securities shall initially be registered on the books and records of the Trust in the name of Cede & Co., the nominee of the Clearing Agency, and no Capital Security Beneficial Owner will receive a definitive Capital Security Certificate representing such Capital Security Beneficial Owner's interests in such Global Capital Securities, except as provided in Section 9.2 and Section 7.9. Unless and until definitive, fully registered Capital Securities certificates have been issued to the Capital Security Beneficial Owners pursuant to Section 9.2 and Section 7.9:

(a) the provisions of this Section 9.4 shall be in full force and effect;

(b) the Trust and the Trustees shall be entitled to deal with the Clearing Agency for all purposes of this Declaration (including the payment of Distributions on the Global Capital Securities and receiving approvals, votes or consents hereunder) as the Holder of the Capital Securities and the sole holder of the Global Certificates and shall have no obligation to the Capital Security Beneficial Owners;

(c) to the extent that the provisions of this Section 9.4 conflict with any other provisions of this Declaration, the provisions of this Section 9.4 shall control; and

(d) the rights of the Capital Security Beneficial Owners shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Capital Security Beneficial Owners and the Clearing Agency and/or the Clearing Agency Participants and receive and transmit payments of Distributions on the Global Certificates to such Clearing Agency Participants. DTC will make book entry transfers among the Clearing Agency Participants.

SECTION 9.5 NOTICES TO CLEARING AGENCY.

Whenever a notice or other communication to the Capital Security Holders is required under this Declaration, the Trustees

shall give all such notices and communications specified herein to be given to the Holders of Global Capital Securities to the Clearing Agency, and shall have no notice obligations to the Capital Security Beneficial Owners.

SECTION 9.6 APPOINTMENT OF SUCCESSOR CLEARING AGENCY.

If any Clearing Agency elects to discontinue its services as securities depositary with respect to the Capital Securities, the Administrative Trustees may, in their sole discretion, appoint a successor Clearing Agency with respect to such Capital Securities.

ARTICLE X
LIMITATION OF LIABILITY OF HOLDERS OF SECURITIES, TRUSTEES OR OTHERS

SECTION 10.1 LIABILITY.

(a) Except as expressly set forth in this Declaration, the Securities Guarantees and the terms of the Securities, the Sponsor shall not be:

(i) personally liable for the return of any portion of the capital contributions (or any return thereon) of the Holders which shall be made solely from assets of the Trust; and

(ii) required to pay to the Trust or to any Holder any deficit upon dissolution of the Trust or otherwise.

(b) The Debenture Issuer shall be liable for all of the debts and obligations of the Trust (other than in respect of the Securities) to the extent not satisfied out of the Trust's assets.

(c) Pursuant to Section. 3803(a) of the Business Trust Act, the Holders shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

SECTION 10.2 EXCULPATION.

(a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Trust or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this

Declaration or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's gross negligence or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Trust and upon such information, opinions, reports or statements presented to the Trust by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Trust, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders might properly be paid.

SECTION 10.3 FIDUCIARY DUTY.

(a) To the extent that, at law or in equity, an Indemnified Person has duties (including fiduciary duties) and liabilities relating thereto to the Trust or to any other Covered Person, an Indemnified Person acting under this Declaration shall not be liable to the Trust or to any other Covered Person for its good faith reliance on the provisions of this Declaration. The provisions of this Declaration, to the extent that they restrict the duties and liabilities of an Indemnified Person otherwise existing at law or in equity (other than the duties imposed on the Property Trustee under the Trust Indenture Act), are agreed by the parties hereto to replace such other duties and liabilities of such Indemnified Person.

(b) Unless otherwise expressly provided herein:

(i) whenever a conflict of interest exists or arises between any Covered Persons; or

(ii) whenever this Declaration or any other agreement contemplated herein or therein provides that an Indemnified Person shall act in a manner that is, or provides terms that are, fair and reasonable to the Trust or any Holder of Securities,

the Indemnified Person shall resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Indemnified Person, the resolution, action or term so made, taken or provided by the Indemnified Person shall not

constitute a breach of this Declaration or any other agreement contemplated herein or of any duty or obligation of the Indemnified Person at law or in equity or otherwise.

(c) Whenever in this Declaration an Indemnified Person is permitted or required to make a decision:

(i) in its "discretion" or under a grant of similar authority, the Indemnified Person shall be entitled to consider such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Trust or any other Person; or

(ii) in its "good faith" or under another express standard, the Indemnified Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Declaration or by applicable law.

SECTION 10.4 INDEMNIFICATION.

(a) (i) The Debenture Issuer shall indemnify, to the full extent permitted by law, any Company Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Trust) by reason of the fact that he is or was a Company Indemnified Person against expenses (including attorneys' fees and expenses), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Trust, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Company Indemnified Person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Trust, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(ii) The Debenture Issuer shall indemnify, to the full extent permitted by law, any Company Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Trust to procure a judgment in its favor by reason of the fact that he is or was a Company Indemnified

Person against expenses (including attorneys' fees and expenses) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Trust and except that no such indemnification shall be made in respect of any claim, issue or matter as to which such Company Indemnified Person shall have been adjudged to be liable to the Trust unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court of Chancery or such other court shall deem proper.

(iii) To the extent that a Company Indemnified Person shall be successful on the merits or otherwise (including dismissal of an action without prejudice or the settlement of an action without admission of liability) in defense of any action, suit or proceeding referred to in paragraphs (i) and (ii) of this Section 10.4(a), or in defense of any claim, issue or matter therein, he shall be indemnified, to the full extent permitted by law, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(iv) Any indemnification under paragraphs (i) and (ii) of this Section 10.4(a) (unless ordered by a court) shall be made by the Debenture Issuer only as authorized in the specific case upon a determination that indemnification of the Company Indemnified Person is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (i) and (ii). Such determination shall be made (1) by the Administrative Trustees by a majority vote of a Quorum consisting of such Administrative Trustees who were not parties to such action, suit or proceeding, (2) if such a Quorum is not obtainable, or, even if obtainable, if a Quorum of disinterested Administrative Trustees so directs, by independent legal counsel in a written opinion, or (3) by the Common Security Holder of the Trust.

(v) Expenses (including attorneys' fees and expenses) incurred by a Company Indemnified Person in defending a civil, criminal, administrative or investigative action, suit or proceeding referred to in paragraphs (i) and (ii) of this Section 10.4(a) shall be paid by the Debenture Issuer in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Company Indemnified Person to repay such amount if it

shall ultimately be determined that he is not entitled to be indemnified by the Debenture Issuer as authorized in this Section 10.4(a). Notwithstanding the foregoing, no advance shall be made by the Debenture Issuer if a determination is reasonably and promptly made (i) by the Administrative Trustees by a majority vote of a quorum of disinterested Administrative Trustees, (ii) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Administrative Trustees so directs, by independent legal counsel in a written opinion or (iii) the Common Security Holder of the Trust, that, based upon the facts known to the Administrative Trustees, counsel or the Common Security Holder at the time such determination is made, such Company Indemnified Person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Trust, or, with respect to any criminal proceeding, that such Company Indemnified Person believed or had reasonable cause to believe his conduct was unlawful. In no event shall any advance be made in instances where the Administrative Trustees, independent legal counsel or Common Security Holder reasonably determine that such person deliberately breached his duty to the Trust or its Common or Capital Security Holders.

(vi) The indemnification and advancement of expenses provided by, or granted pursuant to, the other paragraphs of this Section 10.4(a) shall not be deemed exclusive of any other rights to which those seeking indemnification and advancement of expenses may be entitled under any agreement, vote of stockholders or disinterested directors of the Debenture Issuer or Capital Security Holders of the Trust or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. All rights to indemnification under this Section 10.4(a) shall be deemed to be provided by a contract between the Debenture Issuer and each Company Indemnified Person who serves in such capacity at any time while this Section 10.4(a) is in effect. Any repeal or modification of this Section 10.4(a) shall not affect any rights or obligations then existing.

(vii) The Debenture Issuer or the Trust may purchase and maintain insurance on behalf of any person who is or was a Company Indemnified Person against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Debenture Issuer would have the power to indemnify him against such liability under the provisions of this Section 10.4(a).

(viii) For purposes of this Section 10.4(a), references to "the Trust" shall include, in addition to the resulting or surviving entity, any constituent entity

(including any constituent of a constituent) absorbed in a consolidation or merger, so that any person who is or was a director, trustee, officer or employee of such constituent entity, or is or was serving at the request of such constituent entity as a director, trustee, officer, employee or agent of another entity, shall stand in the same position under the provisions of this Section 10.4(a) with respect to the resulting or surviving entity as he would have with respect to such constituent entity if its separate existence had continued.

(ix) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 10.4(a) shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Company Indemnified Person and shall inure to the benefit of the heirs, executors and administrators of such a person.

(b) The Debenture Issuer agrees to indemnify the (i) Property Trustee, (ii) the Delaware Trustee, (iii) any Affiliate of the Property Trustee and the Delaware Trustee, and (iv) any officers, directors, shareholders, members, partners, employees, representatives, custodians, nominees or agents of the Property Trustee and the Delaware Trustee (each of the Persons in (i) through (iv) being referred to as a "Fiduciary Indemnified Person") for, and to hold each Fiduciary Indemnified Person harmless against, any and all loss, liability, damage, claim or expense including taxes (other than taxes based on the income of such Fiduciary Indemnified Person) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses (including reasonable legal fees and expenses) of defending itself against or investigating any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligation to indemnify as set forth in this Section 10.4(b) shall survive the satisfaction and discharge of this Declaration.

SECTION 10.5 OUTSIDE BUSINESSES.

Any Covered Person, the Sponsor, the Delaware Trustee and the Property Trustee may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Trust, and the Trust and the Holders shall have no rights by virtue of this Declaration in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of the Trust, shall not be deemed wrongful or improper. No Covered Person, the Sponsor, the Delaware Trustee, or the Property Trustee shall be obligated to present any particular investment or other opportunity to the Trust even if such opportunity is of a character

that, if presented to the Trust, could be taken by the Trust, and any Covered Person, the Sponsor, the Delaware Trustee and the Property Trustee shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment or other opportunity. Any Covered Person, the Delaware Trustee and the Property Trustee may engage or be interested in any financial or other transaction with the Sponsor or any Affiliate of the Sponsor, or may act as depositary for, trustee or agent for, or act on any committee or body of holders of, securities or other obligations of the Sponsor or its Affiliates.

ARTICLE XI
ACCOUNTING

SECTION 11.1 FISCAL YEAR.

The fiscal year ("Fiscal Year") of the Trust shall be the calendar year, or such other year as is required by the Code.

SECTION 11.2 CERTAIN ACCOUNTING MATTERS.

(a) At all times during the existence of the Trust, the Administrative Trustees shall keep, or cause to be kept, full books of account, records and supporting documents, which shall reflect in reasonable detail, each transaction of the Trust. The books of account shall be maintained on the accrual method of accounting, in accordance with generally accepted accounting principles, consistently applied. The books of account and the records of the Trust shall be examined by and reported upon as of the end of each Fiscal Year of the Trust by a firm of independent certified public accountants selected by the Administrative Trustees.

(b) The Administrative Trustees shall cause to be duly prepared and delivered to each of the Holders, any annual United States federal income tax information statement, required by the Code, containing such information with regard to the Securities held by each Holder as is required by the Code and the Treasury Regulations. Notwithstanding any right under the Code to deliver any such statement at a later date, the Administrative Trustees shall endeavor to deliver all such information statements within 30 days after the end of each Fiscal Year of the Trust.

(c) The Administrative Trustees shall cause to be duly prepared and filed with the appropriate taxing authority, an annual United States federal income tax return, on a Form 1041 or such other form required by United States federal income tax law, and any other annual income tax returns required to be filed by

the Administrative Trustees on behalf of the Trust with any state or local taxing authority.

SECTION 11.3 Banking.

The Trust shall maintain one or more bank accounts in the name and for the sole benefit of the Trust; PROVIDED, HOWEVER, that all payments of funds in respect of the Debentures held by the Property Trustee shall be made directly to the Property Trustee Account and no other funds of the Trust shall be deposited in the Property Trustee Account. The sole signatories for such accounts shall be designated by the Administrative Trustees; PROVIDED, HOWEVER, that the Property Trustee shall designate the signatories for the Property Trustee Account.

SECTION 11.4 WITHHOLDING.

The Trust and the Administrative Trustees shall comply with all withholding requirements under United States federal, state and local law. The Trust shall request, and the Holders shall provide to the Trust, such forms or certificates as are necessary to establish an exemption from withholding with respect to each Holder, and any representations and forms as shall reasonably be requested by the Trust to assist it in determining the extent of, and in fulfilling, its withholding obligations. The Administrative Trustees shall file required forms with applicable jurisdictions and, unless an exemption from withholding is properly established by a Holder, shall remit amounts withheld with respect to the Holder to applicable jurisdictions. To the extent that the Trust is required to withhold and pay over any amounts to any authority with respect to Distributions or allocations to any Holder, the amount withheld shall be deemed to be a Distribution in the amount of the withholding to the Holder. In the event of any claimed over withholding, Holders shall be limited to an action against the applicable jurisdiction. If the amount required to be withheld was not withheld from actual Distributions made, the Trust may reduce subsequent Distributions by the amount of such withholding.

ARTICLE XII
AMENDMENTS AND MEETINGS

SECTION 12.1 AMENDMENTS.

(a) Except as otherwise provided in this Declaration or by any applicable terms of the Securities, this Declaration may only be amended by a written instrument approved and executed by:

(i) the Administrative Trustees (or if there are more than two Administrative Trustees a majority of the Administrative Trustees);

(ii) if the amendment affects the rights, powers, duties, obligations or immunities of the Property Trustee, the Property Trustee; and

(iii) if the amendment affects the rights, powers, duties, obligations or immunities of the Delaware Trustee, the Delaware Trustee.

(b) No amendment shall be made, and any such purported amendment shall be void and ineffective:

(i) unless, in the case of any proposed amendment, the Property Trustee shall have first received an Officers' Certificate from each of the Trust and the Sponsor that such amendment is permitted by, and conforms to, the terms of this Declaration (including the terms of the Securities);

(ii) unless, in the case of any proposed amendment which affects the rights, powers, duties, obligations or immunities of the Property Trustee, the Property Trustee shall have first received:

(A) an Officers' Certificate from each of the Trust and the Sponsor that such amendment is permitted by, and conforms to, the terms of this Declaration (including the terms of the Securities); and

(B) an opinion of counsel (who may be counsel to the Sponsor or the Trust) that such amendment is permitted by, and conforms to, the terms of this Declaration (including the terms of the Securities),

PROVIDED, HOWEVER, that the Property Trustee shall not be required to sign any such amendment; and

(iii) to the extent the result of such amendment would be to:

(A) cause the Trust to fail to continue to be classified for purposes of United States federal income taxation as a grantor trust;

(B) reduce or otherwise adversely affect the powers of the Property Trustee in contravention of the Trust Indenture Act; or

(C) cause the Trust to be deemed to be an Investment Company required to be registered under the Investment Company Act;

(c) At such time after the Trust has issued any Securities that remain outstanding, any amendment that would

adversely affect the rights, privileges or preferences of any Holder may be effected only with such additional requirements as may be set forth in the terms of such Securities;

(d) Section 9.1(c) and this Section 12.1 shall not be amended without the consent of all of the Holders;

(e) Article Four shall not be amended without the consent of the Holders of a Majority in liquidation amount of the Common Securities and;

(f) The rights of the holders of the Common Securities under Article Five to increase or decrease the number of, and appoint and remove Trustees shall not be amended without the consent of the Holders of a Majority in liquidation amount of the Common Securities; and

(g) Notwithstanding Section 12.1(c), this Declaration may be amended without the consent of the Holders to:

(i) cure any ambiguity, correct or supplement any provision in this Declaration that may be inconsistent with any other provision of this Declaration or to make any other provisions with respect to matters or questions arising under this Declaration which shall not be inconsistent with the other provisions of the Declaration; and

(ii) to modify, eliminate or add to any provisions of the Declaration to such extent as shall be necessary to ensure that the Trust will be classified for United States federal income tax purposes as a grantor trust at all times that any Securities are outstanding or to ensure that the Trust will not be required to register as an Investment Company under the Investment Company Act.

PROVIDED, HOWEVER, that in the case of clause (i), such action shall not adversely affect in any material respect the interests of the Holders, and any amendments of this Declaration shall become effective when notice thereof is given to the Holders.

SECTION 12.2 MEETINGS OF THE HOLDERS; ACTION BY WRITTEN CONSENT.

(a) Meetings of the Holders of any class of Securities may be called at any time by the Administrative Trustees (or as provided in the terms of the Securities) to consider and act on any matter on which Holders of such class of Securities are entitled to act under the terms of this Declaration, the terms of the Securities or the rules of any stock exchange on which the Capital Securities are listed or admitted for trading. The Administrative Trustees shall call a meeting of the Holders of such class if directed to do so by the Holders of at least 10%

in liquidation amount of such class of Securities. Such direction shall be given by delivering to the Administrative Trustees one or more notice in a writing stating that the signing Holders wish to call a meeting and indicating the general or specific purpose for which the meeting is to be called. Any Holders calling a meeting shall specify in writing the Security Certificates held by the Holders exercising the right to call a meeting and only those Securities specified shall be counted for purposes of determining whether the required percentage set forth in the second sentence of this paragraph has been met.

(b) Except to the extent otherwise provided in the terms of the Securities, the following provisions shall apply to meetings of Holders:

(i) notice of any such meeting shall be given to all the Holders having a right to vote thereat at least seven days and not more than 60 days before the date of such meeting. Whenever a vote, consent or approval of the Holders is permitted or required under this Declaration or the rules of any stock exchange on which the Capital Securities are listed or admitted for trading, such vote, consent or approval may be given at a meeting of the Holders. Any action that may be taken at a meeting of the Holders may be taken without a meeting if a consent in writing setting forth the action so taken is signed by the Holders owning not less than the minimum amount of Securities in liquidation amount that would be necessary to authorize or take such action at a meeting at which all Holders having a right to vote thereon were present and voting. Prompt notice of the taking of action without a meeting shall be given to the Holders entitled to vote who have not consented in writing. The Administrative Trustees may specify that any written ballot submitted to the Security Holder for the purpose of taking any action without a meeting shall be returned to the Trust within the time specified by the Administrative Trustees;

(ii) each Holder may authorize any Person to act for it by proxy on all matters in which a Holder is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Holder executing it. Except as otherwise provided herein, all matters relating to the giving, voting or validity of proxies shall be governed by the General Corporation Law of the State of Delaware relating to proxies, and judicial interpretations thereunder, as if the Trust were a Delaware corporation and the Holders were stockholders of a Delaware corporation;

(iii) each meeting of the Holders shall be conducted by the Administrative Trustees or by such other Person that the Administrative Trustees may designate; and

(iv) unless the Business Trust Act, this Declaration, the terms of the Securities, the Trust Indenture Act or the listing rules of any stock exchange on which the Capital Securities are then listed or trading, otherwise provides, the Administrative Trustees, in their sole discretion, shall establish all other provisions relating to meetings of Holders, including notice of the time, place or purpose of any meeting at which any matter is to be voted on by any Holders, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy or any other matter with respect to the exercise of any such right to vote.

ARTICLE XIII
REPRESENTATIONS OF PROPERTY TRUSTEE AND DELAWARE TRUSTEE

SECTION 13.1 REPRESENTATIONS AND WARRANTIES OF PROPERTY TRUSTEE.

The Trustee that acts as initial Property Trustee represents and warrants to the Trust and to the Sponsor at the date of this Declaration, and each Successor Property Trustee represents and warrants to the Trust and the Sponsor at the time of the Successor Property Trustee's acceptance of its appointment as Property Trustee that:

(a) The Property Trustee is a New York banking corporation with trust powers and authority to execute and deliver, and to carry out and perform its obligations under the terms of, this Declaration;

(b) The execution, delivery and performance by the Property Trustee of the Declaration has been duly authorized by all necessary corporate action on the part of the Property Trustee. The Declaration has been duly executed and delivered by the Property Trustee and constitutes a legal, valid and binding obligation of the Property Trustee, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium, insolvency, and other similar laws affecting creditors' rights generally and to general principles of equity and the discretion of the court (regardless of whether the enforcement of such remedies is considered in a proceeding in equity or at law);

(c) The execution, delivery and performance of this Declaration by the Property Trustee does not conflict with or

constitute a breach of the charter or by-laws of the Property Trustee; and

(d) No consent, approval or authorization of, or registration with or notice to, any New York State or federal banking authority is required for the execution, delivery or performance by the Property Trustee of this Declaration.

SECTION 13.2 REPRESENTATIONS AND WARRANTIES OF DELAWARE TRUSTEE.

The Trustee that acts as initial Delaware Trustee represents and warrants to the Trust and to the Sponsor at the date of this Declaration, and each Successor Delaware Trustee represents and warrants to the Trust and the Sponsor at the time of the Successor Delaware Trustee's acceptance of its appointment as Delaware Trustee that:

(a) The Delaware Trustee is duly organized, validly existing and in good standing under the laws of the State of Delaware, with trust power and authority to execute and deliver, and to carry out and perform its obligations under the terms of, this Declaration;

(b) The execution, delivery and performance by the Delaware Trustee of this Declaration has been duly authorized by all necessary corporate action on the part of the Delaware Trustee. This Declaration has been duly executed and delivered by the Delaware Trustee and constitutes a legal, valid and binding obligation of the Delaware Trustee, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium, insolvency, and other similar laws affecting creditors' rights generally and to general principles of equity and the discretion of the court (regardless of whether the enforcement of such remedies is considered in a proceeding in equity or at law);

(c) No consent, approval or authorization of, or registration with or notice to, any federal banking authority is required for the execution, delivery or performance by the Delaware Trustee of this Declaration; and

(d) The Delaware Trustee is a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware.

ARTICLE XIV
REGISTRATION RIGHTS

SECTION 14.1 REGISTRATION RIGHTS AGREEMENT.

The Holders of the Capital Securities, the Debentures and the Capital Securities Guarantee (collectively, the "Registrable Securities") are entitled to the benefits of a Registration Rights Agreement.

ARTICLE XV
MISCELLANEOUS

SECTION 15.1 NOTICES.

All notices provided for in this Declaration shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by first class mail, as follows:

(a) if given to the Trust, in care of the Administrative Trustees at the Trust's mailing address set forth below (or such other address as the Trust may give notice of to the Holders):

OnBank Capital Trust I
101 South Salina Street
P.O. Box 4983
Syracuse, New York 13221-4983

Attention: William M. LeBeau,
Administrative Trustee

(b) if given to the Delaware Trustee, at the mailing address set forth below (or such other address as Delaware Trustee may give notice of to the Holders):

The Bank of New York (Delaware)
23 White Clay Center
Route 273
Newark, Delaware 19711

Attention: Corporate Trust Department

(c) if given to the Property Trustee, at the Property Trustee's mailing address set forth below (or such other address as the Property Trustee may give notice of to the Holders):

The Bank of New York
101 Barclay Street, 21 West
New York, New York 10283

Attention: Corporate Trust
Trustee Administration

(d) if given to the Holder of the Common Securities, at the mailing address of the Sponsor set forth below (or such other address as the Holder of the Common Securities may give notice to the Trust):

ONBANCorp, Inc.
101 South Salina Street
Syracuse, New York 13221-4983

Attention: Robert J. Berger,
Senior Vice President,
Treasurer and Chief Financial
Officer

(e) if given to any other Holder, at the address set forth on the books and records of the Trust.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 15.2 GOVERNING LAW.

This Declaration and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware and all rights and remedies shall be governed by such laws without regard to principles of conflict of laws.

SECTION 15.3 INTENTION OF THE PARTIES.

It is the intention of the parties hereto that the Trust be classified for United States federal income tax purposes as a grantor trust. The provisions of this Declaration shall be interpreted to further this intention of the parties.

SECTION 15.4 HEADINGS.

Headings contained in this Declaration are inserted for convenience of reference only and do not affect the interpretation of this Declaration or any provision hereof.

SECTION 15.5 SUCCESSORS AND ASSIGNS

Whenever in this Declaration any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included, and all covenants and agreements in this Declaration by the Sponsor and the Trustees shall bind and inure to the benefit of their respective successors and assigns, whether so expressed.

SECTION 15.6 PARTIAL ENFORCEABILITY.

If any provision of this Declaration, or the application of such provision to any Person or circumstance, shall be held invalid, the remainder of this Declaration, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

SECTION 15.7 COUNTERPARTS.

This Declaration may contain more than one counterpart of the signature page and this Declaration may be executed by the affixing of the signature of each of the Trustees to one of such counterpart signature pages. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

IN WITNESS WHEREOF, the undersigned has caused these presents to be executed as of the day and year first above written.

/s/ Donald G. Cook

Donald G. Cook, as Administrative Trustee

/s/ William LeBeau

William LeBeau, as Administrative Trustee

/s/ Randy J. Wiley

Randy J. Wiley, as Administrative Trustee

THE BANK OF NEW YORK (Delaware)
as Delaware Trustee

By: /s/ Walter Gitlin

Name: Walter Gitlin
Title: Authorized Signatory

THE BANK OF NEW YORK
as Property Trustee

By: /s/ Vivian Georges

Name: Vivian Georges
Title: Assistance Vice President

ONBANCorp, Inc.
as Sponsor

By: /s/ Robert J. Berger

Name: Robert J. Berger
Title: Chief Financial Officer

ANNEX I

TERMS OF
9.25% SERIES A/SERIES B CAPITAL SECURITIES
9.25% COMMON SECURITIES

Pursuant to Section 7.1 of the Amended and Restated Declaration of Trust, dated as of February 4, 1997 (as amended from time to time, the "Declaration"), the designation, rights, privileges, restrictions, preferences and other terms and provisions of the Securities are set out below (each capitalized term used but not defined herein has the meaning set forth in the Declaration or, if not defined in such Declaration, as defined in the Offering Memorandum referred to below in Section 2(c) of this Annex I):

1. DESIGNATION AND NUMBER.

(a) CAPITAL SECURITIES. 60,000 Series A Capital Securities of the Trust and 60,000 Series B Capital Securities of the Trust, each series with an aggregate liquidation amount with respect to the assets of the Trust of sixty million dollars ($60,000,000), and each with a liquidation amount with respect to the assets of the Trust of $1,000 per security, are hereby designated for the purposes of identification only as "9.25% Series A Capital Securities" and "9.25% Series B Capital Securities", respectively (collectively, the "Capital Securities"). The certificates evidencing the Capital Securities shall be substantially in the form of Exhibit A-1 to the Declaration, with such changes and additions thereto or deletions therefrom as may be required by ordinary usage, custom or practice or to conform to the rules of any exchange or quotation system on or in which the Capital Securities are listed, traded or quoted.

(b) COMMON SECURITIES. 1,856 Common Securities of the Trust with an aggregate liquidation amount with respect to the assets of the Trust of one million eight hundred fifty-six thousand dollars ($1,856,000) and a liquidation amount with respect to the assets of the Trust of $1,000 per security, are hereby designated for the purposes of identification only as "9.25% Common Securities" (collectively, the "Common Securities"). The certificates evidencing the Common Securities shall be substantially in the form of Exhibit A-2 to the Declaration, with such changes and additions thereto or deletions therefrom as may be required by ordinary usage, custom or practice.

2. DISTRIBUTIONS.

(a) Distributions payable on each Security will be fixed at a rate per annum of 9.25% (the "Coupon Rate") of the liquidation amount of $1,000 per Security (the "Liquidation Amount"), such rate being the rate of interest payable on the Debentures to be held by the Property Trustee. Distributions in arrears for more than one semi-annual period will bear additional distributions thereon compounded semi-annually at the Coupon Rate (to the extent permitted by applicable law). Pursuant to the Registration Rights Agreement, in certain limited circumstances the Debenture Issuer will be required to pay Liquidated Damages (as defined in the Registration Rights Agreement) with respect to the Debentures. The term "Distributions", as used herein, includes distributions of any such interest and Liquidated Damages payable unless otherwise stated. A Distribution is payable only to the extent that payments are made in respect of the Debentures held by the Property Trustee and to the extent the Property Trustee has funds on hand legally available therefor.

(b) Distributions on the Securities will be cumulative, will accumulate from the most recent date to which Distributions have been paid or, if no Distributions have been paid, from February 4, 1997, and will be payable semi-annually in arrears on February 1 and August 1 of each year, commencing on August 1, 1997 (each, a "Distribution Date"), except as otherwise described below. Distributions will be computed on the basis of a 360-day year consisting of twelve 30-day months and for any period less than a full calendar month on the basis of the actual number of days elapsed in such month. As long as no Event of Default has occurred and is continuing under the Indenture, the Debenture Issuer has the right under the Indenture to defer payments of interest by extending the interest payment period at any time and from time to time on the Debentures for a period not exceeding 10 consecutive semi-annual periods, including the first such semi-annual period during such period (each an "Extension Period"), during which Extension Period no interest shall be due and payable on the Debentures, PROVIDED THAT no Extension Period shall end on a date other than an Interest Payment Date for the Debentures or extend beyond the Maturity Date of the Debentures. As a consequence of such deferral, Distributions will also be deferred. Despite such deferral, Distributions will continue to accumulate with additional Distributions thereon (to the extent permitted by applicable law but not at a rate greater than the rate at which interest is then accruing on the Debentures) at the Coupon Rate compounded semi-annually during any such Extension Period. Prior to the termination of any such Extension Period, the Debenture Issuer may further defer payments of interest by further extending such Extension Period; PROVIDED THAT such Extension Period, together with all such previous and further extensions within such Extension Period, may not exceed 10 consecutive semi-annual periods, including the first semi-annual

period during such Extension Period, or extend beyond the Maturity Date of the Debentures. Upon the termination of any Extension Period and the payment of all amounts then due, the Debenture Issuer may commence a new Extension Period, subject to the above requirements.

(c) Distributions on the Securities will be payable to the Holders thereof as they appear on the books and records of the Trust on the fifteenth day of the month immediately preceding the month in which the relevant Distribution Date occurs, which Distribution Dates correspond to the interest payment dates on the Debentures. Subject to any applicable laws and regulations and the provisions of the Declaration, each such payment in respect of the Capital Securities will be made as described under the heading "Description of Capital Securities -- Form, Denomination, Book-Entry Procedures and Transfer" in the Offering Memorandum dated January 30, 1997, of the Debenture Issuer and the Trust relating to the Securities and the Debentures. The relevant record dates for the Common Securities shall be the same as the record dates for the Capital Securities. Distributions payable on any Securities that are not punctually paid on any Distribution Date, as a result of the Debenture Issuer having failed to make a payment under the Debentures, will cease to be payable to the Holder on the relevant record date, and such defaulted Distribution will instead be payable to the Person in whose name such Securities are registered on the special record date or other specified date determined in accordance with the Indenture. If any date on which Distributions are payable on the Securities is not a Business Day, then payment of the Distribution payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that if such next succeeding Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day with the same force and effect as if made on such date.

(d) In the event that there is any money or other property held by or for the Trust that is not accounted for hereunder, such property shall be distributed Pro Rata (as defined herein) among the Holders.

3. LIQUIDATION DISTRIBUTION UPON DISSOLUTION.

In the event of any termination of the Trust or the Sponsor otherwise gives notice of its election to liquidate the Trust pursuant to Section 8.1(a)(iii) of the Declaration, the Trust shall be liquidated by the Administrative Trustees as expeditiously as the Administrative Trustees determine to be possible by distributing, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, to the Holders a Like Amount (as defined below) of the Debentures, unless such distribution is determined by the Property Trustee

not to be practicable, in which event such Holders will be entitled to receive Pro Rata out of the assets of the Trust legally available for distribution to Holders, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, an amount equal to the aggregate of the liquidation amount of $1,000 per Security plus accumulated and unpaid Distributions thereon to the date of payment (such amount being the "Liquidation Distribution").

"Like Amount" means (i) with respect to a redemption of the Securities, Securities having a Liquidation Amount equal to the principal amount of Debentures to be paid in accordance with their terms and (ii) with respect to a distribution of Debentures upon the liquidation of the Trust, Debentures having a principal amount equal to the Liquidation Amount of the Securities of the Holder to whom such Debentures are distributed.

If, upon any such liquidation, the Liquidation Distribution can be paid only in part because the Trust has insufficient assets on hand legally available to pay in full the aggregate Liquidation Distribution, then the amounts payable directly by the Trust on the Securities shall be paid on a Pro Rata basis.

4. REDEMPTION AND DISTRIBUTION.

(a) Upon the repayment of the Debentures in whole or in part, at maturity or upon early redemption (either at the option of the Debenture Issuer or pursuant to a Special Event, as described below), the proceeds from such repayment shall be simultaneously applied by the Property Trustee (subject to the Property Trustee having received notice no later than 45 days prior to such repayment) to redeem a Like Amount of the Securities at a redemption price equal to (i) in the case of the repayment of the Debentures at maturity, the Maturity Redemption Price (as defined below), (ii) in the case of the optional redemption of the Debentures upon the occurrence and continuation of a Special Event, the Special Event Redemption Price (as defined below) and (iii) in the case of the optional redemption of the Debentures on or after February 1, 2007, the Optional Redemption Price (as defined below). The Maturity Redemption Price, the Special Event Redemption Price and the Optional Redemption Price are referred to collectively as the "Redemption Price". Holders will be given not less than 30 nor more than 60 days notice of such redemption.

(b) (i) The "Maturity Redemption Price", with respect to a redemption of Securities, shall mean an amount equal to the principal of and accrued and unpaid interest on the Debentures as of the maturity date thereof.

(ii) In the case of an optional redemption, if fewer than all the outstanding Securities are to be so redeemed, the

Securities will be redeemed Pro Rata and the Capital Securities to be redeemed will be determined as described in Section 4(f)(ii) below. Upon the entry of an order for the dissolution of the Trust by a court of competent jurisdiction, the Debentures thereafter will be subject to optional repayment, in whole, but not in part, on or after February 1, 2007 (the "Initial Optional Redemption Date").

The Debenture Issuer shall have the right (subject to the conditions in the Indenture) to elect to redeem the Debentures in whole or in part at any time on or after the Initial Optional Redemption Date, upon not less than 30 days and not more than 60 days notice, at the Optional Redemption Price and, simultaneous with such redemption, to cause a Like Amount of the Securities to be redeemed by the Trust at the Optional Redemption Price on a Pro Rata basis. "Optional Redemption Price" shall mean a price equal to the percentage of the liquidation amount of Securities to be redeemed plus accumulated and unpaid Distributions thereon, if any, to the date of such redemption if redeemed during the 12-month period beginning February 1, of the years indicated below:

Year	Percentage
2007	104.625%
2008	104.163%
2009	103.700%
2010	103.238%
2011	102.775%
2012	102.313%
2013	101.850%
2014	101.388%
2015	100.925%
2016	100.463%
2017 and thereafter	100.000%

(c) If at any time a Tax Event or a Regulatory Capital Event (each as defined below, and each a "Special Event") occurs, the Debenture Issuer shall have the right (subject to the conditions set forth in the Indenture) at any time prior to the Initial Optional Redemption Date, upon not less than 30 nor more than 60 days notice, to redeem the Debentures in whole, but not in part, within the 90 days following the occurrence of such Special Event (the "90 Day Period"), and, simultaneous with such redemption, to cause a Like Amount of the Securities to be redeemed by the Trust at the Special Event Redemption Price on a Pro Rata basis.

"Tax Event" shall occur upon receipt by the Debenture Issuer and the Trust of an Opinion of Counsel experienced in such matters to the effect that, as a result of any amendment to, or change (including any announced prospective change) in, the laws

or any regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or which pronouncement or decision is announced on or after February 4, 1997, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date of such opinion, subject to United States federal income tax with respect to income received or accrued on the Debentures, (ii) interest payable by the Debenture Issuer on the Debentures is not, or within 90 days of the date of such opinion, will not be, deductible by the Debenture Issuer, in whole or in part, for United States federal income tax purposes, or (iii) the Trust is, or will be within 90 days of the date of such opinion, subject to more than a de minimis amount of other taxes, duties or other governmental charges.

"Regulatory Capital Event" shall mean that the Debenture Issuer shall have received an opinion of independent bank regulatory counsel experienced in such matters to the effect that, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any rules, guidelines or policies of the Federal Reserve Board or (b) any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or such pronouncement or decision is announced on or after February 4, 1997, the Capital Securities do not constitute, or within 90 days of the date thereof, will not constitute, Tier 1 Capital (or its then equivalent); PROVIDED, HOWEVER, that the distribution of the Debentures in connection with the liquidation of the Trust by the Debenture Issuer shall not in and of itself constitute a Regulatory Capital Event unless such liquidation shall have occurred in connection with a Tax Event.

"Special Event Redemption Price" shall mean, with respect to a redemption of Securities, a price equal to the greater of (i) 100% of the principal of a Like Amount of Debentures to be redeemed or (ii) the sum, as determined by a Quotation Agent (as defined in the Indenture), of the present values of the principal amount and premium payable as part of the prepayment price with respect to an optional redemption of a Like Amount of the Debentures on the Initial Optional Redemption Date, together with scheduled payments of interest on the Debentures from the redemption date to and including the Initial Optional Redemption Date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined in the Indenture), plus, in the case of each of clauses (i) and (ii), accumulated but unpaid Distributions thereon, if any, to the date of such redemption.

(d) On and from the date fixed by the Administrative Trustees for any distribution of Debentures and liquidation of the Trust: (i) the Securities will no longer be deemed to be outstanding, (ii) the Clearing Agency or its nominee (or any successor Clearing Agency or its nominee), as the Holder of the Capital Securities, will receive a registered global certificate or certificates representing the Debentures to be delivered upon such distribution and any certificates representing Securities not held by the Clearing Agency or its nominee (or any successor Clearing Agency or its nominee) will be deemed to represent beneficial interests in a Like Amount of Debentures until such certificates are presented to the Debenture Issuer or its agent for transfer or reissue.

(e) The Trust may not redeem fewer than all the outstanding Securities unless all accumulated and unpaid Distributions have been paid on all Securities for all semi-annual Distribution periods terminating on or before the date of redemption.

(f) The procedure with respect to redemptions or distributions of Securities shall be as follows:

(i) Notice of any redemption of, or notice of distribution of Debentures in exchange for, the Securities (a "Redemption/Distribution Notice") will be given by the Trust by mail to each Holder to be redeemed or exchanged not fewer than 30 nor more than 60 days before the date fixed for redemption or exchange thereof which, in the case of a redemption, will be the date fixed for redemption of the Debentures. For purposes of the calculation of the date of redemption or exchange and the dates on which notices are given pursuant to this Section 4(f)(i), a Redemption/ Distribution Notice shall be deemed to be given on the day such notice is first mailed by first-class mail, postage prepaid, to Holders. Each Redemption/Distribution Notice shall be addressed to the Holders at the address of each such Holder appearing in the books and records of the Trust. No defect in the Redemption/Distribution Notice or in the mailing of either thereof with respect to any Holder shall affect the validity of the redemption or exchange proceedings with respect to any other Holder.

(ii) In the event that fewer than all the outstanding Securities are to be redeemed, the Securities to be redeemed shall be redeemed Pro Rata from each Holder, it being understood that, in respect of Capital Securities registered in the name of and held of record by the Clearing Agency or its nominee (or any successor Clearing Agency or its nominee) or any nominee, the distribution of the proceeds of such redemption will be made to the Clearing Agency and

disbursed by such Clearing Agency in accordance with the procedures applied by such agency or nominee.

(iii) If Securities are to be redeemed and the Trust gives a Redemption/Distribution Notice, (which notice will be irrevocable), then (A) with respect to Capital Securities issued in book-entry form, by 12:00 noon, New York City time, on the redemption date, provided that the Debenture Issuer has paid the Property Trustee a sufficient amount of cash in connection with the related redemption or maturity of the Debentures by 10:00 a.m., New York City time, on the maturity date or the date of redemption, as the case requires, the Property Trustee will deposit irrevocably with the Clearing Agency or its nominee (or successor Clearing Agency or its nominee) funds sufficient to pay the applicable Redemption Price with respect to such Capital Securities and will give the Clearing Agency irrevocable instructions and authority to pay the Redemption Price to the relevant Clearing Agency Participants, and (B) with respect to Capital Securities issued in certificated form and Common Securities, provided that the Debenture Issuer has paid the Property Trustee a sufficient amount of cash in connection with the related redemption or maturity of the Debentures, the Property Trustee will pay the relevant Redemption Price to the Holders by check mailed to the address of the relevant Holder appearing on the books and records of the Trust on the redemption date. If a Redemption/Distribution Notice shall have been given and funds deposited as required, if applicable, then immediately prior to the close of business on the date of such deposit, or on the redemption date, as applicable, Distributions will cease to accumulate on the Securities so called for redemption and all rights of Holders so called for redemption will cease, except the right of the Holders of such Securities to receive the Redemption Price, but without interest on such Redemption Price, and such Securities shall cease to be outstanding.

(iv) Payment of accumulated and unpaid Distributions on the Redemption Date of the Securities will be subject to the rights of Holders on the close of business on a regular record date in respect of a Distribution Date occurring on or prior to such Redemption Date.

Neither the Administrative Trustees nor the Trust shall be required to register or cause to be registered the transfer of (i) any Securities beginning on the opening of business 15 days before the day of mailing of a notice of redemption or any notice of selection of Securities for redemption or (ii) any Securities selected for redemption except the unredeemed portion of any Security being redeemed. If any date fixed for redemption of Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding

day that is a Business Day (and without any interest or other payment in respect of any such delay), with the same force and effect as if made on such date fixed for redemption. If payment of the Redemption Price in respect of any Securities is improperly withheld or refused and not paid either by the Property Trustee or by the Sponsor as guarantor pursuant to the relevant Securities Guarantee, Distributions on such Securities will continue to accumulate from the original redemption date to the actual date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Redemption Price.

(v) Redemption/Distribution Notices shall be sent by the Property Trustee on behalf of the Trust to (A) in respect of the Capital Securities, the Clearing Agency or its nominee (or any successor Clearing Agency or its nominee) if the Global Certificates have been issued or, if Definitive Capital Security Certificates have been issued, to the Holder thereof, and (B) in respect of the Common Securities to the Holder thereof.

(vi) Subject to the foregoing and applicable law (including, without limitation, United States federal securities laws and banking laws), provided the acquiror is not the Holder of the Common Securities or the obligor under the Indenture, the Sponsor or any of its subsidiaries may at any time and from time to time purchase outstanding Capital Securities by tender, in the open market or by private agreement.

5. VOTING RIGHTS - CAPITAL SECURITIES.

(a) Except as provided under Sections 5(b) and 7 and as otherwise required by law and the Declaration, the Holders of the Capital Securities will have no voting rights.

(b) So long as any Debentures are held by the Property Trustee, the Trustees shall not (i) direct the time, method and place of conducting any proceeding for any remedy available to the Debenture Trustee, or executing any trust or power conferred on such Debenture Trustee with respect to the Debentures, (ii) waive any past default that is waivable under Section 5.07 of the Indenture, (iii) exercise any right to rescind or annul a declaration of acceleration of the maturity of the principal of the Debentures or (iv) consent to any amendment, modification or termination of the Indenture or the Debentures, where such consent shall be required, without, in each case, obtaining the prior approval of the Holders of a majority in liquidation amount of all outstanding Capital Securities; PROVIDED, HOWEVER, that where a consent under the Indenture would require the consent of each holder of Debentures affected thereby, no such consent shall be given by the Property Trustee without the prior approval of

each Holder of the Capital Securities. The Trustees shall not revoke any action previously authorized or approved by a vote of the Holders of the Capital Securities except by subsequent vote of such Holders. The Property Trustee shall notify each Holder of Capital Securities of any notice of default with respect to the Debentures. In addition to obtaining the foregoing approvals of such Holders of the Capital Securities, prior to taking any of the foregoing actions, the Trustees shall obtain an opinion of counsel experienced in such matters to the effect that the Trust will not be classified as an association taxable as a corporation for United States federal income tax purposes on account of such action.

If an Event of Default under the Declaration has occurred and is continuing and such event is attributable to the failure of the Debenture Issuer to pay principal of or premium, if any, or interest on the Debentures on the due date (or in the case of redemption, on the redemption date), then a Holder of Capital Securities may directly institute a proceeding for enforcement of payment to such Holder of the principal of or premium, if any, or interest on a Like Amount of Debentures (a "Direct Action") on or after the respective due date specified in the Debentures. In connection with such Direct Action, the rights of the Common Securities Holder will be subrogated to the rights of such Holder of Capital Securities to the extent of any payment made by the Debenture Issuer to such Holder of Capital Securities in such Direct Action. Except as provided in the second preceding sentence, the Holders of Capital Securities will not be able to exercise directly any other remedy available to the holders of the Debentures.

Any approval or direction of Holders of Capital Securities may be given at a separate meeting of Holders of Capital Securities convened for such purpose, at a meeting of all of the Holders of Securities in the Trust or pursuant to written consent. The Property Trustees will cause a notice of any meeting at which Holders of Capital Securities are entitled to vote, or of any matter upon which action by written consent of such Holders is to be taken, to be mailed to each Holder of record of Capital Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any resolution proposed for adoption at such meeting on which such Holders are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

No vote or consent of the Holders of the Capital Securities will be required for the Trust to redeem and cancel Capital Securities or to distribute the Debentures in accordance with the Declaration and the terms of the Securities.

Notwithstanding that Holders of Capital Securities are entitled to vote or consent under any of the circumstances described above, any of the Capital Securities that are owned by the Sponsor or any Affiliate of the Sponsor shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if they were not outstanding.

6. VOTING RIGHTS - COMMON SECURITIES.

(a) Except as provided under Sections 6(b), 6(c), and 7 as otherwise required by law and the Declaration, the Holders of the Common Securities will have no voting rights.

(b) Unless a Debenture Event of Default shall have occurred and be continuing, any Trustee may be removed at any time by the holder of the Common Securities. If a Debenture Event of Default has occurred and is continuing, the Property Trustee and the Delaware Trustee may be removed at such time by the holders of a Majority in liquidation amount of the outstanding Capital Securities. In no event will the holders of the Capital Securities have the right to vote to appoint, remove or replace the Administrative Trustees, which voting rights are vested exclusively in the Sponsor as the holder of the Common Securities. No resignation or removal of a Trustee and no appointment of a successor trustee shall be effective until the acceptance of appointment by the successor trustee in accordance with the provisions of the Declaration.

(c) So long as any Debentures are held by the Property Trustee, the Trustees shall not (i) direct the time, method and place of conducting any proceeding for any remedy available to the Debenture Trustee, or executing any trust or power conferred on such Debenture Trustee with respect to the Debentures, (ii) waive any past default that is waivable under Section 5.07 of the Indenture, (iii) exercise any right to rescind or annul a declaration of acceleration of the maturity of the principal of the Debentures or (iv) consent to any amendment, modification or termination of the Indenture or the Debentures, where such consent shall be required, without, in each case, obtaining the prior approval of the Holders of a Majority in liquidation amount of all outstanding Common Securities; PROVIDED, HOWEVER, that where a consent under the Indenture would require the consent of each holder of Debentures affected thereby, no such consent shall be given by the Property Trustee without the prior approval of each Holder of the Common Securities. The Trustees shall not revoke any action previously authorized or approved by a vote of the Holders of the Common Securities except by subsequent vote of such Holders. The Property Trustee shall notify each Holder of Common Securities of any notice of default with respect to the Debentures. In addition to obtaining the foregoing approvals of such Holders of the Common Securities, prior to taking any of the foregoing actions, the Trustees shall obtain an opinion of

counsel experienced in such matters to the effect that the Trust will not be classified as an association taxable as a corporation for United States federal income tax purposes on account of such action.

If an Event of Default under the Declaration has occurred and is continuing and such event is attributable to the failure of the Debenture Issuer to pay principal of or premium, if any, or interest on the Debentures on the due date (or in the case of redemption, on the redemption date), then a Holder of Common Securities may institute a Direct Action for enforcement of payment to such Holder of the principal of or premium, if any, or interest on a Like Amount of Debentures on or after the respective due date specified in the Debentures. In connection with Direct Action, the rights of the Common Securities Holder will be subordinated to the rights of such Holder of Capital Securities to the extent of any payment made by the Debenture Issuer to such Holder of Common Securities in such Direct Action. Except as provided in the second preceding sentence, the Holders of Common Securities will not be able to exercise directly any other remedy available to the holders of the Debentures.

Any approval or direction of Holders of Common Securities may be given at a separate meeting of Holders of Common Securities convened for such purpose, at a meeting of all of the Holders of Securities in the Trust or pursuant to written consent. The Administrative Trustees will cause a notice of any meeting at which Holders of Common Securities are entitled to vote, or of any matter upon which action by written consent of such Holders is to be taken, to be mailed to each Holder of record of Common Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any resolution proposed for adoption at such meeting on which such Holders are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

No vote or consent of the Holders of the Common Securities will be required for the Trust to redeem and cancel Common Securities or to distribute the Debentures in accordance with the Declaration and the terms of the Securities.

7. AMENDMENTS TO DECLARATION AND INDENTURE.

In addition to the requirements set out in Section 12.1 of the Declaration, the Declaration may be amended from time to time by the Sponsor, the Property Trustee and the Administrative Trustees, without the consent of the Holders (i) to cure any ambiguity, correct or supplement any provisions in the Declaration that may be inconsistent with any other provisions, or to make any other provisions with respect to matters or questions

arising under the Declaration which shall not be inconsistent with the other provisions of the Declaration, or (ii) to modify, eliminate or add to any provisions of the Declaration to such extent as shall be necessary to ensure that the Trust will be classified for United States federal income tax purposes as a grantor trust at all times that any Securities are outstanding or to ensure that the Trust will not be required to register as an "Investment Company" under the Investment Company Act; PROVIDED, HOWEVER, that in the case of clause (i), such action shall not adversely affect in any material respect the interests of any Holder, any amendments of the Declaration shall become effective when notice thereof is given to the Holders. The Declaration may be amended by the Trustees and the Sponsor with (i) the consent of Holders representing a Majority in liquidation amount of all outstanding Securities, and (ii) receipt by the Trustees of an Opinion of Counsel to the effect that such amendment or the exercise of any power granted to the Trustees in accordance with such amendment will not affect the Trust's status as a grantor trust for United States federal income tax purposes or the Trust's exemption from status as an Investment Company under the Investment Company Act, PROVIDED THAT, without the consent of each Holder of Trust Securities, the Declaration may not be amended to (i) change the amount or timing of any Distribution on the Trust Securities or otherwise adversely affect the amount of any Distribution required to be made in respect of the Trust Securities as of a specified date or (ii) restrict the right of a holder of Trust Securities to institute suit for the enforcement of any such payment on or after such date.

8. PRO RATA.

A reference in these terms of the Securities to any payment, distribution or treatment as being "Pro Rata" shall mean pro rata to each Holder according to the aggregate liquidation amount of the Securities held by the relevant Holder in relation to the aggregate liquidation amount of all Securities outstanding unless, in relation to a payment, an Event of Default under the Declaration has occurred and is continuing, in which case any funds available to make such payment shall be paid first to each Holder of the Capital Securities pro rata according to the aggregate liquidation amount of Capital Securities held by the relevant Holder relative to the aggregate liquidation amount of all Capital Securities outstanding, and only after satisfaction of all amounts owed to the Holders of the Capital Securities, to each Holder of Common Securities pro rata according to the aggregate liquidation amount of Common Securities held by the relevant Holder relative to the aggregate liquidation amount of all Common Securities outstanding.

9. RANKING.

The Capital Securities rank PARI PASSU with the Common Securities and payment thereon shall be made Pro Rata with the Common Securities, except that, if an Event of Default under the Declaration occurs and is continuing, no payments in respect of Distributions on, or payments upon liquidation, redemption or otherwise with respect to, the Common Securities shall be made until the Holders of the Capital Securities shall be paid in full the Distributions, Redemption Price, Liquidation Distribution and other payments to which they are entitled at such time.

10. ACCEPTANCE OF SECURITIES GUARANTEE AND INDENTURE.

Each Holder of Capital Securities and Common Securities, by the acceptance thereof, agrees to the provisions of the Capital Securities Guarantee and the Common Securities Guarantee, respectively, including the subordination provisions therein and to the provisions of the Indenture.

11. NO PREEMPTIVE RIGHTS.

The Holders shall have no preemptive rights to subscribe for any additional securities.

12. MISCELLANEOUS.

These terms constitute a part of the Declaration.

The Sponsor will provide a copy of the Declaration, the Capital Securities Guarantee or the Common Securities Guarantee (as may be appropriate), the Indenture (including any supplemental indenture) to a Holder without charge on written request to the Sponsor at its principal place of business.

EXHIBIT A-1

FORM OF CAPITAL SECURITY CERTIFICATE

[FORM OF FACE OF SECURITY]

[IF THIS GLOBAL SECURITY IS A GLOBAL CAPITAL SECURITY, INSERT: THIS CAPITAL SECURITY IS A GLOBAL CAPITAL SECURITY WITHIN THE MEANING OF THE DECLARATION HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY (THE "CLEARING AGENCY") OR A NOMINEE OF THE CLEARING AGENCY. THIS CAPITAL SECURITY IS EXCHANGEABLE FOR CAPITAL SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE CLEARING AGENCY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE DECLARATION AND NO TRANSFER OF THIS CAPITAL SECURITY (OTHER THAN A TRANSFER OF THIS CAPITAL SECURITY AS A WHOLE BY THE CLEARING AGENCY TO A NOMINEE OF THE CLEARING AGENCY OR BY A NOMINEE OF THE CLEARING AGENCY TO THE CLEARING AGENCY OR ANOTHER NOMINEE OF THE CLEARING AGENCY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.]

[IF THIS GLOBAL SECURITY IS A RULE 144A GLOBAL SECURITY, INSERT: UNLESS THIS CAPITAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CAPITAL SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

THIS CAPITAL SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THIS CAPITAL SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS CAPITAL SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS CAPITAL SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS THREE YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY "AFFILIATE" OF THE COMPANY WAS THE OWNER OF THIS CAPITAL SECURITY (OR ANY PREDECESSOR OF THIS CAPITAL SECURITY) ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) SO LONG AS THIS CAPITAL SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE

144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS CAPITAL SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, SUBJECT TO THE RIGHT OF THE TRUST AND THE COMPANY PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (ii) PURSUANT TO CLAUSE (E), TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS CAPITAL SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEREE TO THE TRUST. SUCH HOLDER FURTHER AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS CAPITAL SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE CAPITAL SECURITIES WILL BE ISSUED AND MAY BE TRANSFERRED ONLY IN BLOCKS HAVING A LIQUIDATION AMOUNT OF NOT LESS THAN $100,000 (100 CAPITAL SECURITIES). ANY SUCH TRANSFER OF CAPITAL SECURITIES IN A BLOCK HAVING A LIQUIDATION AMOUNT OF LESS THAN $100,000 SHALL BE DEEMED TO BE VOID AND OF NO LEGAL EFFECT WHATSOEVER. ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH CAPITAL SECURITIES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF DISTRIBUTIONS OF SUCH CAPITAL SECURITIES, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH CAPITAL SECURITIES.

THE HOLDER OF THIS CAPITAL SECURITY BY ITS ACCEPTANCE HEREOF ALSO AGREES, REPRESENTS AND WARRANTS THAT EITHER (i) IT IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR (ii) THE ACQUISITION AND HOLDING OF THIS CAPITAL SECURITY BY IT IS NOT PROHIBITED BY EITHER SECTION OF 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR EXEMPT FROM ANY SUCH PROHIBITION.

Certificate Number
- ------------------

Number of Capital Securities

Amount of Capital Securities

CUSIP NO. _____

Certificate Evidencing Capital Securities

of

OnBank Capital Trust I

[ ]% Capital Securities
(liquidation amount $1,000 per Capital Security)

OnBank Capital Trust I, a statutory business trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that _____ (the "Holder") is the registered owner of [$_____ in aggregate liquidation amount of Capital Securities of the Trust](1) [the aggregate liquidation amount of Capital Securities of the Trust specified in Schedule A hereto](2) representing undivided beneficial interests in the assets of the Trust designated the [ ]% Series __ Capital Securities (liquidation amount $1,000 per Capital Security) (the "Capital Securities"). The Capital Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designation, rights, privileges, restrictions, preferences and other terms and provisions of the Capital Securities represented hereby are issued and shall in all respects be subject to the provisions of the Amended and Restated Declaration of Trust of the Trust dated as of February __, 1997, as the same may be amended from time to time (the "Declaration"), including the designation of the terms of the Capital Securities as set forth in Annex I to the Declaration. Capitalized terms used but not defined herein shall have the meaning given them in the Declaration. The Sponsor will provide a copy of the Declaration, the Capital Securities Guarantee and the Indenture to a Holder without charge upon written request to the Trust at its principal place of business.

Upon receipt of this certificate, the Holder is bound by the Declaration and is entitled to the benefits thereunder and

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(1) Insert in Definitive Capital Securities only.
(2) Insert in Global Capital Securities only.

to the benefits of the Capital Securities Guarantee to the extent provided therein.

By acceptance, the Holder agrees to treat, for United States federal income tax purposes, the Debentures as indebtedness and the Capital Securities as evidence of indirect beneficial ownership in the Debentures.

IN WITNESS WHEREOF, the Trust has executed this certificate this ____ day of _____, ____.

ONBANK CAPITAL TRUST I

By:

Name:
Administrative Trustee

PROPERTY TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Capital Securities referred to in the within-mentioned Declaration.

Dated: _____, ____

THE BANK OF NEW YORK,

as Property Trustee

By:

Authorized Signatory

Distributions payable on each Capital Security will be fixed at a rate per annum of [ ]% (the "Coupon Rate") of the liquidation amount of $1,000 per Capital Security, such rate being the rate of interest payable on the Debentures to be held by the Property Trustee. Distributions in arrears for more than one semi-annual period will bear interest thereon compounded semi-annually at the Coupon Rate (to the extent permitted by applicable law). Pursuant to the Registration Rights Agreement, in certain limited circumstances the Debenture Issuer will be required to pay Liquidated Damages (as defined in the Registration Rights Agreement) with respect to the Debentures. The term "Distributions", as used herein, includes such cash distributions and any such interest and such Liquidated Damages payable unless otherwise stated. A Distribution is payable only to the extent that payments are made in respect of the Debentures held by the Property Trustee and to the extent the Property Trustee has funds on hand legally available therefor.

Distributions on the Capital Securities will be cumulative, will accumulate from the most recent date to which Distributions have been paid or, if no Distributions have been paid, from January __, 1997 and will be payable semi-annually in arrears, on [ ] and [ ] of each year, commencing on [ ], 1997, to the holders of record on the relevant record dates except as otherwise described below. The record dates will be _____. Distributions will be computed on the basis of a 360-day year consisting of twelve 30-day months and, for any period less than a full calendar month, the number of days elapsed in such month. As long as no Event of Default has occurred and is continuing under the Indenture, the Debenture Issuer has the right under the Indenture to defer payments of interest by extending the interest payment period at any time and from time to time on the Debentures for a period not exceeding 10 consecutive calendar semi-annual periods, including the first such semi-annual period during such extension period (each an "Extension Period"), PROVIDED THAT no Extension Period shall end on a date other than an Interest Payment Date for the Debentures or extend beyond the Maturity Date of the Debentures. As a consequence of such deferral, Distributions will also be deferred. Despite such deferral, semi-annual Distributions will continue to accumulate with interest thereon (to the extent permitted by applicable law, but not at a rate exceeding the rate of interest then accruing on the Debentures) at the Coupon Rate compounded semi-annually during any such Extension Period. Prior to the termination of any such Extension Period, the Debenture Issuer may further defer payments of interest by further extending such Extension Period; PROVIDED THAT such Extension Period, together with all such previous and further extensions within such Extension Period, may not exceed 10 consecutive semi-annual periods, including the first semi-annual period during such

Extension Period, end on a date other than an Interest Payment Date for the Debentures or extend beyond the Maturity Date of the Debentures. Payments of accumulated Distributions will be payable to Holders as they appear on the books and records of the Trust on the first record date after the end of the Extension Period. Upon the termination of any Extension Period and the payment of all amounts then due, the Debenture Issuer may commence a new Extension Period, subject to the above requirements.

Subject to the prior approval of the Federal Reserve Board if such approval is then required under applicable law or capital guidelines or policies of the Federal Reserve Board and to certain other conditions set forth in the Declaration and the Indenture, the Property Trustee may, at the direction of the Sponsor, at any time liquidate the Trust and cause the Debentures to be distributed to the holders of the Securities in liquidation of the Trust or, simultaneous with any redemption of the Debentures, cause a Like Amount of the Securities to be redeemed by the Trust.

The Capital Securities shall be redeemable as provided in the Declaration.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this Capital Security Certificate to:

- ---
- ---
- ---

(Insert assignee's social security or tax identification number)

- ---
- ---
- ---

(Insert address and zip code of assignee)

and irrevocably appoints

- ---
- ---
- ---

_____ agent to transfer this Capital Security Certificate on the books of the Trust. The agent may substitute another to act for him or her.

Date:

Signature:

(Sign exactly as your name appears on the other side of this Capital Security Certificate)

Signature Guarantee***:

- --------

*** Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

[Include the following if the Capital Security bears a Restricted Capital Securities Legend --

In connection with any transfer of any of the Capital Securities evidenced by this certificate, the undersigned confirms that such Capital Securities are being:

CHECK ONE BOX BELOW

(1) |_| exchanged for the undersigned's own account without transfer; or

(2) |_| transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(3) |_| transferred pursuant to and in compliance with Regulation S under the Securities Act of 1933; or

(4) |_| transferred to an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act of 1933 that is acquiring the Capital Securities for its own account, or for the account of such an institutional "accredited investor," for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act of 1933; or

(5) |_| transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933; or

(6) |_| transferred pursuant to an effective registration statement.

Unless one of the boxes is checked, the Exchange Agent will refuse to register any of the Capital Securities evidenced by this certificate in the name of any person other than the registered Holder thereof; PROVIDED, HOWEVER, that if box (3), (4) or (5) is checked, the Registrar may require, prior to registering any such transfer of the Capital Securities such legal opinions, certifications and other information as the Trust has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act; PROVIDED, FURTHER, that (i) if box 2 is checked, the transferee must also certify that it is a qualified institutional buyer as defined in Rule 144A or (ii) if box (4) is checked, the transferee must also provide to the Registrar a Transferee Letter of Representation in

the form attached to the Offering Memorandum of the Trust dated January , 1997; provided, further, that after the date that a Registration Statement has been filed and so long as such Registration Statement continues to be effective, the Registrar may only permit transfers for which box (5) has been checked.

Signature

EXHIBIT A-2

FORM OF COMMON SECURITY CERTIFICATE

THIS COMMON SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THIS COMMON SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS COMMON SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS COMMON SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS THREE YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY "AFFILIATE" OF THE COMPANY WAS THE OWNER OF THIS CAPITAL SECURITY (OR ANY PREDECESSOR OF THIS CAPITAL SECURITY) ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) SO LONG AS THIS COMMON SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS COMMON SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, SUBJECT TO THE RIGHT OF THE TRUST AND THE COMPANY PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (ii) PURSUANT TO CLAUSE (E), TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS COMMON SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEREE TO THE TRUST. SUCH HOLDER FURTHER AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS COMMON SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

Certificate Evidencing Common Securities

of

OnBank Capital Trust I

[ ]% Common Securities
(liquidation amount $1,000 per Common Security)

OnBank Capital Trust I, a statutory business trust formed under the laws of the State of Delaware (the "Trust"), hereby certifies that ONBANCorp, Inc. (the "Holder") is the registered owner of _____ common securities of the Trust representing undivided beneficial interests in the assets of the Trust designated the [ ]% Common Securities (liquidation amount $1,000 per Common Security) (the "Common Securities"). The Common Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designation, rights, privileges, restrictions, preferences and other terms and provisions of the Common Securities represented hereby are issued and shall in all respects be subject to the provisions of the Amended and Restated Declaration of Trust of the Trust dated as of February __, 1997, as the same may be amended from time to time (the "Declaration"), including the designation of the terms of the Common Securities as set forth in Annex I to the Declaration. Capitalized terms used but not defined herein shall have the meaning given them in the Declaration. The Sponsor will provide a copy of the Declaration, the Common Securities Guarantee and the Indenture (including any supplemental indenture) to a Holder without charge upon written request to the Sponsor at its principal place of business.

Upon receipt of this certificate, the Sponsor is bound by the Declaration and is entitled to the benefits thereunder and to the benefits of the Common Securities Guarantee to the extent provided therein.

By acceptance, the Holder agrees to treat, for United States federal income tax purposes, the Debentures as indebtedness and the Common Securities as evidence of indirect beneficial ownership in the Debentures.

IN WITNESS WHEREOF, the Trust has executed this certificate this 4th day of February, 1997.

OnBank Capital Trust I

By:

Name:
Administrative Trustee

Distributions payable on each Common Security will be fixed at a rate per annum of [ ]% (the "Coupon Rate") of the liquidation amount of $1,000 per Common Security, such rate being the rate of interest payable on the Debentures to be held by the Property Trustee. Distributions in arrears for more than one semi-annual period will bear interest thereon compounded semi-annually at the Coupon Rate (to the extent permitted by applicable law). Pursuant to the Registration Rights Agreement, in certain limited circumstances the Debenture Issuer will be required to pay Liquidated Damages (as defined in the Registration Rights Agreement) with respect to the Debentures. The term "Distributions", as used herein, includes such cash distributions and any such interest and such Liquidated Damages payable unless otherwise stated. A Distribution is payable only to the extent that payments are made in respect of the Debentures held by the Property Trustee and to the extent the Property Trustee has funds available therefor.

Distributions on the Common Securities will be cumulative, will accumulate from the most recent date to which Distributions have been paid or, if no Distributions have been paid, from January __, 1997 and will be payable semi-annually in arrears, on [ ] and [ ] of each year, commencing on [ ], 1997, to the holders of record or the relevant record dates except as otherwise described below. The record dates will be the _____. Distributions will be computed on the basis of a 360-day year consisting of twelve 30-day months and, for any period less than a full calendar month, the number of days elapsed in such month. As long as no Event of Default has occurred and is continuing under the Indenture, the Debenture Issuer has the right under the Indenture to defer payments of interest by extending the interest payment period at any time and from time to time on the Debentures for a period not exceeding 10 consecutive calendar semi-annual periods, including the first such semi-annual period during such extension period (each an "Extension Period"), PROVIDED THAT no Extension Period shall end on a date other than an Interest Payment Date for the Debentures or extend beyond the Maturity Date of the Debentures. As a consequence of such deferral, Distributions will also be deferred. Despite such deferral, Distributions will continue to accumulate with interest thereon (to the extent permitted by applicable law, but not at a rate exceeding the rate of interest then accruing on the Debentures) at the Coupon Rate compounded semi-annually during any such Extension Period. Prior to the termination of any such Extension Period, the Debenture Issuer may further defer payments of interest by further extending such Extension Period; PROVIDED THAT such Extension Period, together with all such previous and further extensions within such Extension Period, may not exceed 10 consecutive semi-annual periods, including the first semi-annual period during such Extension Period, or end on a date other than an Interest Payment Date for the Debentures or extend beyond the Maturity Date of the Debentures. Payments of accrued Distributions will be payable to Holders as they appear on the

books and records of the Trust on the first record date after the end of the Extension Period. Upon the termination of any Extension Period and the payment of all amounts then due, the Debenture Issuer may commence a new Extension Period, subject to the above requirements.

Subject to the prior approval of the Federal Reserve Board if such approval is then required under applicable law or capital guidelines or policies of the Federal Reserve Board and to certain other conditions set forth in the Declaration and the Indenture, the Property Trustee may, at the direction of the Sponsor, at any time liquidate the Trust and cause the Debentures to be distributed to the holders to the Securities in liquidation of the Trust or, simultaneous with any redemption of the Debentures, cause a Like Amount of the Securities to be redeemed by the Trust.

The Common Securities shall be redeemable as provided in the Declaration.

EXHIBIT 4.15

AMENDMENT TO AMENDED AND RESTATED TRUST AGREEMENT

This Amendment to Amended and Restated Trust Agreement (the "Amendment") is made as of December 17, 1999 by the Administrative Trustees of the trust created under that certain Amended and Restated Declaration of Trust described below.

WITNESSETH

WHEREAS, Olympia Financial Corp., formerly known as ONBANCorp, Inc. (the "Sponsor"), The Bank of New York, as property trustee, (in such capacity, the "Property Trustee" and, in its separate corporate capacity and not in its capacity as Property Trustee, the "Bank"), and The Bank of New York (Delaware), a Delaware banking corporation, as Delaware trustee (the "Delaware Trustee") previously entered into an Amended and Restated Declaration of Trust of OnBank Capital Trust I dated as of February 4, 1997 (the "Trust Declaration"); and

WHEREAS, ONBANCorp, Inc. has been merged with and into Olympia Financial Corp., a wholly owned subsidiary of M&T Bank Corporation, a New York corporation; and

WHEREAS, the Administrative Trustees of the Trust have changed the name of the Trust from "OnBank Capital Trust I" to "M&T Capital Trust III;" and

WHEREAS, the Administrative Trustees of the Trust desire to further amend the Trust Declaration to provide for the change of the the Sponsor from "ONBANCorp, Inc." to "Olympia Financial Corp.," and the name of the Trust from "OnBank Capital Trust I" to "M&T Capital Trust III."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Trust Declaration, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Trust Declaration.

1.2. The definition of "Trust" in the preamble of the Trust Declaration is amended to mean M&T Capital Trust III.

1.3. The definition of "Debenture Issuer" in section 1.1 of the Trust Declaration is amended to read as follows:

"DEBENTURE ISSUER" means Olympia Financial Corp., a Delaware Corporation, or any successor entity resulting from any consolidation, amalgamation, merger or other business combination, in its capacity as issuer of the Debentures under the Indenture.

1.4. The definition of "Sponsor" in Section of 1.1 of the Trust Declaration is amended to read as follows:

"SPONSOR" means Olympia Financial Corp., a Delaware Corporation, or any successor entity resulting from any consolidation, amalgamation, merger or other business combination, in its capacity as sponsor of the Trust.

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Trust Declaration shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Trust Declaration shall remain in full force and effect. References in the Trust Declaration to "this Declaration" shall be deemed to be references to the Trust Declaration as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Trust Declaration and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

/S/ DARLENE A. SPYCHALA	/S/ TIMOTHY G. MCEVOY
Darlene A. Spychala	Timothy G. McEvoy
Administrative Trustee	Administrative Trustee

EXHIBIT 4.16

ONBANCorp, Inc.

INDENTURE

Dated as of February 4, 1997

THE BANK OF NEW YORK

as Trustee

JUNIOR SUBORDINATED DEFERRABLE INTEREST DEBENTURES

TIE-SHEET

of provisions of Trust Indenture Act of 1939 with Indenture dated as of February 4, 1997 between ONBANCorp, Inc. and The Bank of New York, Trustee:

ACT SECTION	INDENTURE SECTION
310(a)(1)	6.09
(a)(2)	6.09
310(a)(3)	N/A
(a)(4)	N/A
310(a)(5)	6.10, 6.11
310(b)	N/A
310(c)	6.13
311(a) and (b)	N/A
311(c)	4.01, 4.02(a)
312(a)	4.02
312(b) and (c)	4.04
313(a)	4.04
313(b)(1)	4.04
313(b)(2)	4.04
313(c)	4.04
313(d)	4.04
314(a)	4.03
314(b)	N/A
314(c)(1) and (2)	6.07
314(c)(3)	N/A
314(d)	N/A
314(e)	6.07
314(f)	N/A
315(a)(c) and (d)	6.01
315(b)	5.08
315(e)	5.09
316(a)(1)	5.07
316(a)(2)	N/A
316(a) last sentence	2.09
316(b)	9.02
317(a)	5.05
317(b)	6.05
318(a)	13.08

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THIS TIE-SHEET IS NOT PART OF THE INDENTURE AS EXECUTED.

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* THIS TABLE OF CONTENTS SHALL NOT, FOR ANY PURPOSE, BE DEEMED TO BE A PART OF THE INDENTURE.

THIS INDENTURE, dated as of February 4, 1997, between ONBANCorp, Inc., a Delaware corporation (hereinafter sometimes called the "Company"), and The Bank of New York, a New York banking corporation, as trustee (hereinafter sometimes called the "Trustee"),

W I T N E S S E T H :

In consideration of the premises, and the purchase of the Securities by the holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Securities, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture shall have the respective meanings specified in this Section 1.01. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or which are by reference therein defined in the Securities Act, shall (except as herein otherwise expressly provided or unless the context otherwise requires) have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture as originally executed. The following terms have the meanings given to them in the Declaration: (i) Clearing Agency; (ii) Delaware Trustee; (iii) Capital Security Certificate; (iv) Property Trustee; (v) Administrative Trustees; (vi) Series A Capital Securities; (vii) Series B Capital Securities; (viii) Direct Action; and (ix) Distributions. All accounting terms used herein and not expressly defined shall have the meanings assigned to such terms in accordance with generally accepted accounting principles and the term "generally accepted accounting principles" means such accounting principles as are generally accepted at the time of any computation. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. Headings are used for convenience of reference only and do not affect interpretation. The singular includes the plural and vice versa.

"Additional Interest" shall have the meaning set forth in Section 2.06(c).

"Adjusted Treasury Rate" means, with respect to any redemption date pursuant to Section 14.01, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date plus (i) 1.85% if such redemption date occurs on or prior to January 31, 1998 and (ii) 1.25% in all other cases.

"Affiliate" means, with respect to a specified Person, (a) any Person directly or indirectly owning, controlling or holding the power to vote 10% or more of the outstanding voting securities or other ownership interests of the specified Person, (b) any Person 10% or more of whose outstanding voting securities or other ownership interests are directly or indirectly owned, controlled or held with power to vote by the specified Person, (c) any Person directly or indirectly controlling, controlled by, or under common control with the specified Person, (d) a partnership in which the specified Person is a general partner, (e) any officer or director of the specified Person, and (f) if the specified Person is an individual, any entity of which the specified Person is an officer, director or general partner.

"Authenticating Agent" shall mean any agent or agents of the Trustee which at the time shall be appointed and acting pursuant to Section 6.14.

"Bankruptcy Law" shall mean Title 11, U.S. Code, or any similar federal or state law for the relief of debtors.

"Board of Directors" shall mean either the Board of Directors of the Company or any duly authorized committee of that board.

"Board Resolution" shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" shall mean, with respect to any series of Securities, any day other than a Saturday or a Sunday or a day on which banking institutions in The City of New York or Syracuse, New York are authorized or required by law or executive order to close.

"Capital Securities" shall mean undivided beneficial interests in the assets of OnBank Capital Trust which rank PARI PASSU with the Common Securities issued by OnBank Capital Trust; PROVIDED, HOWEVER, that if an Event of Default has occurred and is continuing, no payments in respect of Distributions on, or payments upon liquidation, redemption or otherwise with respect

to, the Common Securities shall be made until the holders of the Capital Securities shall be paid in full the Distributions and the liquidation, redemption and other payments to which they are entitled. References to "Capital Securities" shall include collectively any Series A Capital Securities and Series B Capital Securities.

"Capital Securities Guarantee" shall mean any guarantee that the Company may enter into with The Bank of New York or other Persons that operates directly or indirectly for the benefit of holders of Capital Securities of OnBank Capital Trust and shall include a Series A Capital Securities Guarantee and a Series B Capital Securities Guarantee with respect to the Series A Capital Securities and the Series B Capital Securities, respectively.

"Commission" shall mean the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Securities" shall mean undivided beneficial interests in the assets of OnBank Capital Trust which rank PARI PASSU with Capital Securities issued by OnBank Capital Trust; PROVIDED, HOWEVER, that if an Event of Default has occurred and is continuing, no payments in respect of Distributions on, or payments upon liquidation, redemption or otherwise with respect to, the Common Securities shall be made until the holders of the Capital Securities shall be paid in full the Distributions and the liquidation, redemption and other payments to which they are entitled.

"Common Securities Guarantee" shall mean any guarantee that the Company may enter into with any Person or Persons that operates directly or indirectly for the benefit of holders of Common Securities of OnBank Capital Trust.

"Common Stock" shall mean the Common Stock, par value $1.00 per share, of the Company or any other class of stock resulting from changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value.

"Company" shall mean ONBANCorp, Inc., a Delaware corporation, and, subject to the provisions of Article X, shall include its successors and assigns.

"Company Request" or "Company Order" shall mean a written request or order signed in the name of the Company by the Chairman, the Chief Executive Officer, the President, a Vice

Chairman, a Vice President, the Comptroller, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means, with respect to any redemption date pursuant to Section 14.01, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Compounded Interest" shall have the meaning set forth in Section 16.01.

"Custodian" shall mean any receiver, trustee, assignee, liquidator, or similar official under any Bankruptcy Law.

"Declaration" means the Amended and Restated Declaration of Trust of OnBank Capital Trust, dated as of February 4, 1997.

"Default" means any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"Deferred Interest" shall have the meaning set forth in Section 16.01.

"Definitive Securities" shall mean those securities issued in fully registered certificated form not otherwise in global form.

"Depositary" shall mean, with respect to Securities of any series, for which the Company shall determine that such Securities will be issued as a Global Security, The Depository Trust Company, New York, New York, another clearing agency, or

any successor registered as a clearing agency under the Exchange Act or other applicable statute or regulation, which, in each case, shall be designated by the Company pursuant to Section 2.05(d).

"Dissolution Event" means the liquidation of OnBank Capital Trust pursuant to the Declaration, and the distribution of the Securities held by the Property Trustee to the holders of the Trust Securities issued by OnBank Capital Trust PRO RATA in accordance with the Declaration.

"Event of Default" shall mean any event specified in Section 5.01, continued for the period of time, if any, and after the giving of the notice, if any, therein designated.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exchange Offer" means the offer that may be made pursuant to the Registration Rights Agreement (i) by the Company to exchange Series B Securities for Series A Securities and to exchange a Series B Capital Securities Guarantee for a Series A Capital Securities Guarantee and (ii) by OnBank Capital Trust to exchange Series B Capital Securities for Series A Capital Securities.

"Extended Interest Payment Period" shall have the meaning set forth in Section 16.01.

"Federal Reserve" shall mean the Board of Governors of the Federal Reserve System.

"Global Security" means, with respect to the Securities, a Security executed by the Company and delivered by the Trustee to the Depositary or pursuant to the Depositary's instruction, all in accordance with the Indenture, which shall be registered in the name of the Depositary or its nominee.

"Indebtedness for Money Borrowed" shall mean any obligation of, or any obligation guaranteed by, the Company for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments.

"Indebtedness Ranking on a Parity with the Securities" shall mean (i) Indebtedness for Money Borrowed, whether outstanding on the date of execution of this Indenture or hereafter created, assumed or incurred, to the extent such indebtedness specifically by its terms ranks equally with and not prior to the Securities in the right of payment upon the happening of any dissolution or winding up or liquidation or reorganization of the Company, (ii) all other debt securities, and guarantees in respect of those debt securities, issued to any trust other than OnBank Capital Trust, or a trustee of such trust, partnership or

other entity affiliated with the Company that is a financing vehicle of the Company (a "financing entity") in connection with the issuance by such financing entity of equity securities or other securities guaranteed by the Company pursuant to an instrument that ranks pari passu with or junior in right of payment to the Capital Securities Guarantee.

"Indebtedness Ranking Junior to the Securities" shall mean any Indebtedness for Money Borrowed, whether outstanding on the date of execution of this Indenture or hereafter created, assumed or incurred, to the extent such indebtedness specifically by its terms ranks junior to and not equally with or prior to the Securities (and any other Indebtedness Ranking on a Parity with the Securities) in right of payment upon the happening of any dissolution or winding up or liquidation or reorganization of the Company. The securing of any Indebtedness for Money Borrowed of the Company, otherwise constituting Indebtedness Ranking on a Parity with the Securities or Indebtedness Ranking Junior to the Securities, as the case may be, shall not be deemed to prevent such Indebtedness for Money Borrowed from constituting Indebtedness Ranking on a Parity with the Securities or Indebtedness Ranking Junior to the Securities, as the case may be.

"Indenture" shall mean this instrument as originally executed or, if amended as herein provided, as so amended.

"Initial Optional Prepayment Date" means February 1, 2007.

"Interest Payment Date" shall have the meaning set forth in Section 2.06.

"Liquidated Damages" shall have the meaning set forth in the Registration Rights Agreement.

"Maturity Date" shall mean February 1, 2027.

"Mortgage" shall mean and include any mortgage, pledge, lien, security interest, conditional sale or other title retention agreement or other similar encumbrance.

"Non Book-Entry Capital Securities" shall have the meaning set forth in Section 2.05.

"Officers" shall mean any of the Chairman, a Vice Chairman, the Chief Executive Officer, the President, a Vice President, the Comptroller, the Group Director, the Secretary or an Assistant Secretary of the Company.

"Officers' Certificate" shall mean a certificate signed by two Officers and delivered to the Trustee.

"OnBank Capital Trust" or the "Trust" shall mean OnBank Capital Trust I, a Delaware business trust created for the purpose of issuing its undivided beneficial interests in connection with the issuance of Securities under this Indenture.

"Opinion of Counsel" shall mean a written opinion of counsel, who may be an employee of the Company, and who shall be acceptable to the Trustee.

"Optional Prepayment Price" shall have the meaning set forth in Section 14.02.

"Other Debentures" means all junior subordinated debentures issued by the Company from time to time and sold to trusts to be established by the Company (if any), in each case similar to the Trust.

"Other Guarantees" means all guarantees to be issued by the Company with respect to capital securities (if any) and issued to other trusts to be established by the Company (if any), in each case similar to the Trust.

The term "outstanding" when used with reference to Securities, shall, subject to the provisions of Section 7.04, mean, as of any particular time, all Securities authenticated and delivered by the Trustee or the Authenticating Agent under this Indenture, except

(a) Securities theretofore cancelled by the Trustee or the Authenticating Agent or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent); provided that, if such Securities, or portions thereof, are to be redeemed prior to maturity thereof, notice of such redemption shall have been given as in Article XIV provided or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Securities in lieu of or in substitution for which other Securities shall have been authenticated and delivered pursuant to the terms of Section 2.08 unless proof satisfactory to the Company and the Trustee is presented that any such Securities are held by bona fide holders in due course.

"Person" shall mean any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt and as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.08 in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the lost, destroyed or stolen Security.

"Principal Office of the Trustee", or other similar term, shall mean the office of the Trustee, at which at any particular time its corporate trust business shall be administered.

"Purchase Agreement" shall mean the Purchase Agreement dated January 30, 1997 among the Company, OnBank Capital Trust and the initial purchasers named therein.

"Property Trustee" shall have the same meaning as set forth in the Declaration.

"Quotation Agent" means the Reference Treasury Dealer appointed by the Company.

"Prepayment Price" means the Special Event Prepayment Price or the Optional Prepayment Price, as the context requires.

"Reference Treasury Dealer" means a nationally recognized U.S. Government securities dealer in New York City selected by the Company.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date pursuant to Section 14.01, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of February 4, 1997, by and among the Company, the Trust and the Initial Purchasers named therein as such agreement may be amended, modified or supplemented from time to time.

"Regulatory Capital Event" means that the Company shall have received an opinion of independent bank regulatory counsel experienced in such matters to the effect that, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any rules, guidelines or policies of the Federal Reserve or (b) any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or such pronouncement or decision is announced on or after the date of original issuance of the Securities, the Capital Securities do not constitute, or within 90 days of the date thereof, will not constitute, Tier I Capital (or its then equivalent); provided, however, that the distribution of the Securities in connection with the liquidation of OnBank Capital Trust by the Company, as sponsor, shall not in and of itself constitute a Regulatory Capital Event unless such liquidation shall have occurred in connection with a Tax Event.

"Responsible Officer" shall mean the chairman or any vice chairman of the board of directors, the chairman or any vice chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the cashier, any assistant cashier, the secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Security" shall mean Securities that bear or are required to bear the legends set forth in Exhibit A hereto.

"Rule 144A" means Rule 144A under the Securities Act, as such Rule may be amended from time to time, or under any similar rule or regulation hereafter adopted by the Commission.

"Securities" means, collectively, the Series A Securities and the Series B Securities.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Securityholder", "holder of Securities", or other similar terms, shall mean any person in whose name at the time a particular Security is registered on the register kept by the Company or the Trustee for that purpose in accordance with the terms hereof.

"Security Register" shall mean (i) prior to a Dissolution Event, the list of holders provided to the Trustee pursuant to Section 4.01, and (ii) following a Dissolution Event, any security register maintained by a security registrar for the Securities appointed by the Company following the execution of a supplemental indenture providing for transfer procedures as provided for in Section 2.07(a).

"Senior Indebtedness" shall mean all Indebtedness for Money Borrowed, whether outstanding on the date of execution of this Indenture or hereafter created, assumed or incurred, except Indebtedness Ranking on a Parity with the Securities or Indebtedness Ranking Junior to the Securities, and any deferrals, renewals or extensions of such Senior Indebtedness.

"Series A Securities" means the Company's 9.25% Series A Junior Subordinated Deferrable Interest Debentures due February 1, 2027, as authenticated and issued under this Indenture.

"Series B Securities" means the Company's Series B 9.25% Junior Subordinated Deferrable Interest Debentures due February 1, 2027, as authenticated and issued under this Indenture.

"Special Event" means either a Regulatory Capital Event or a Tax Event.

"Special Event Prepayment Price" shall mean, with respect to any redemption of the Securities pursuant to Section 14.01 hereof, an amount in cash equal to the greater of (i) 100% of the principal amount to be redeemed or (ii) as determined by a Quotation Agent, the sum of the present values of the principal amount and premium payable with respect to an Optional Prepayment of the Securities on the Initial Optional Prepayment Date, together with scheduled payments of interest on the Securities from the prepayment date to and including the Initial Optional Prepayment Date, discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus, in the case of each of clauses (i) and (ii), accumulated but unpaid interest thereon, including Compounded Interest and Additional Interest, if any, to the date of such redemption.

"Subsidiary" shall mean with respect to any Person, (i) any corporation at least a majority of the outstanding voting stock of which is owned, directly or indirectly, by such Person or by one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries, (ii) any general partnership, joint venture or similar entity, at least a majority of whose outstanding partnership or similar interests shall at the time be owned by such Person, or by one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries and (iii) any limited

partnership of which such Person or any of its Subsidiaries is a general partner. For the purposes of this definition, "voting stock" means shares, interests, participations or other equivalents in the equity interest (however designated) in such Person having ordinary voting power for the election of a majority of the directors (or the equivalent) of such Person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

"Tax Event" shall mean the receipt by OnBank Capital Trust and the Company of an opinion of counsel experienced in such matters to the effect that, as a result of any amendment to, or change (including any announced prospective change) in, the laws or any regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein or as a result of any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or which pronouncement or decision is announced on or after February 4, 1997, there is more than an insubstantial risk that (i) OnBank Capital Trust is, or will be within 90 days of the date of such opinion, subject to United States Federal income tax with respect to income received or accrued on the Securities, (ii) interest payable by the Company on the Securities is not, or within 90 days of the date of such opinion, will not be, deductible by the Company, in whole or in part, for United States Federal income tax purposes, or (iii) OnBank Capital Trust is, or will be within 90 days of the date of such opinion, subject to more than a DE MINIMIS amount of other taxes, duties or other governmental charges.

"Trustee" shall mean the Person identified as "Trustee" in the first paragraph hereof, and, subject to the provisions of Article VI hereof, shall also include its successors and assigns as Trustee hereunder. The term "Trustee" as used with respect to a particular series of the Securities shall mean the trustee with respect to that series.

"Trust Indenture Act of 1939" shall mean the Trust Indenture Act of 1939 as in force at the date of execution of this Indenture, except as provided in Section 9.03.

"Trust Securities" shall mean the Capital Securities and the Common Securities, collectively.

"U.S. Government Obligations" shall mean securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case under clauses (i) or (ii) are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

ARTICLE II

SECURITIES

SECTION 2.01. Forms Generally.

The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A, the terms of which are incorporated in and made a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject or usage. Each Security shall be dated the date of its authentication. The Securities shall be issued in denominations of $1,000 and integral multiples thereof.

SECTION 2.02. Execution and Authentication.

Two Officers shall sign the Securities for the Company by manual or facsimile signature. If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid until authenticated by the manual signature of the Trustee. The signature of the Trustee shall be conclusive evidence that the Security has been authenticated under this Indenture. The form of Trustee's certificate of authentication to be borne by the Securities shall be substantially as set forth in Exhibit A hereto.

The Trustee shall, upon a Company Order, authenticate for original issue up to, and the aggregate principal amount of Securities outstanding at any time may not exceed $61,856,000 aggregate principal amount of the Securities, except as provided in Sections 2.07, 2.08, 2.09 and 14.05. The series of Securities to be initially issued hereunder shall be the Series A Securities.

SECTION 2.03. Form and Payment.

Except as provided in Section 2.05, the Securities shall be issued in fully registered certificated form without interest coupons. Principal of, premium, if any, and interest on the Securities issued in certificated form will be payable, the transfer of such Securities will be registrable and such Securities will be exchangeable for Securities bearing identical terms and provisions at the office or agency of the Company maintained for such purpose under Section 3.02; PROVIDED, HOWEVER, that payment of interest with respect to Securities (other than a Global Security) may be made at the option of the Company (i) by check mailed to the holder at such address as shall appear in the Security Register or (ii) by transfer to an account maintained by the Person entitled thereto, provided that proper transfer instructions have been received in writing by the relevant record date. Notwithstanding the foregoing, so long as the holder of any Securities is the Property Trustee, the payment of the principal of, premium, if any, and interest (including Compounded Interest and Additional Interest, if any) on such Securities held by the Property Trustee will be made at such place and to such account as may be designated by the Property Trustee.

SECTION 2.04. Legends.

(a) Except as permitted by subsection (b) of this Section 2.04 or as otherwise determined by the Company in accordance with applicable law, each Security shall bear the applicable legends relating to restrictions on transfer pursuant to the securities laws in substantially the form set forth on Exhibit A hereto.

(b) In the event of an Exchange Offer, the Company shall issue and the Trustee shall authenticate Series B Securities in exchange for Series A Securities accepted for exchange in the Exchange Offer, which Series B Securities shall not bear the legends required by subsection (a) above, in each case unless the holder of such Series A Securities is either (A) a broker dealer who purchased such Series A Securities directly from the Company for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (B) a Person participating in the distribution of the Series A Securities or (C) a Person who is an affiliate (as defined in Rule 144 under the Securities Act) of the Company.

SECTION 2.05. Global Security.

(a) In connection with a Dissolution Event,

(i) if any Capital Securities are held in book-entry form, the related Definitive Securities shall be presented to the Trustee (if an arrangement with the Depositary

has been maintained) by the Property Trustee in exchange for one or more Global Securities (as may be required pursuant to Section 2.07) in an aggregate principal amount equal to the aggregate principal amount of all outstanding Securities, to be registered in the name of the Depositary, or its nominee, and delivered by the Trustee to the Depositary for crediting to the accounts of its participants pursuant to the instructions of the Administrative Trustees; the Company upon any such presentation shall execute one or more Global Securities in such aggregate principal amount and deliver the same to the Trustee for authentication and delivery in accordance with this Indenture; and payments on the Securities issued as a Global Security will be made to the Depositary; and

(ii) if any Capital Securities are held in certificated form, the related Definitive Securities may be presented to the Trustee by the Property Trustee and any Capital Security certificate which represents Capital Securities other than Capital Securities in book-entry form ("Non Book-Entry Capital Securities") will be deemed to represent beneficial interests in Securities presented to the Trustee by the Property Trustee having an aggregate principal amount equal to the aggregate liquidation amount of the Non Book-Entry Capital Securities until such Capital Security certificates are presented to the Security Registrar for transfer or reissuance, at which time such Capital Security certificates will be cancelled and a Security, registered in the name of the holder of the Capital Security certificate or the transferee of the holder of such Capital Security certificate, as the case may be, with an aggregate principal amount equal to the aggregate liquidation amount of the Capital Security certificate cancelled, will be executed by the Company and delivered to the Trustee for authentication and delivery in accordance with the Indenture. Upon the issuance of such Securities, Securities with an equivalent aggregate principal amount that were presented by the Property Trustee to the Trustee will be deemed to have been cancelled.

(b) The Global Securities shall represent the aggregate amount of outstanding Securities from time to time endorsed thereon; PROVIDED, that the aggregate amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the amount of outstanding Securities represented thereby shall be made by the Trustee, in accordance with instructions given by the Company as required by this Section 2.05.

(c) The Global Securities may be transferred, in whole but not in part, only to the Depositary, another nominee of the Depositary, or to a successor Depositary selected or approved by the Company or to a nominee of such successor Depositary.

(d) If at any time the Depositary notifies the Company that it is unwilling or unable to continue as Depositary or the Depositary has ceased to be a clearing agency registered under the Exchange Act, and a successor Depositary is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the Company will execute, and the Trustee, upon written notice from the Company, will authenticate and make available for delivery the Definitive Securities, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Security in exchange for such Global Security. If there is an Event of Default, the Depositary shall have the right to exchange the Global Securities for Definitive Securities. In addition, the Company may at any time determine that the Securities shall no longer be represented by a Global Security. In the event of such an Event of Default or such a determination, the Company shall execute, and subject to Section 2.07, the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and make available for delivery the Definitive Securities, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Security in exchange for such Global Security. Upon the exchange of the Global Security for such Definitive Securities, in authorized denominations, the Global Security shall be cancelled by the Trustee. Such Definitive Securities issued in exchange for the Global Security shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Definitive Securities to the Depositary for delivery to the Persons in whose names such Definitive Securities are so registered.

SECTION 2.06 Interest.

(a) Each outstanding Security will bear interest at the rate of 9.25% per annum (the "Coupon Rate") from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from February 4, 1997, until the principal thereof becomes due and payable, and at the Coupon Rate on any overdue principal (and premium, if any) and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest, compounded semi-annually, payable (subject to the provisions of Article XVI) semi-annually in arrears on February 1 and August 1 of each year (each, an "Interest Payment Date") commencing on August 1, 1997, to the Person in whose name such

Security or any predecessor Security is registered, at the close of business on the regular record date for such interest installment, which shall be the fifteenth day of the month immediately preceding the month in which the relevant Interest Payment Date falls.

(b) Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any Interest Payment Date falls on a day that is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), with the same force and effect as if made on such date.

(c) During such time as the Property Trustee is the holder of any Securities, the Company shall pay any additional amounts on the Securities as may be necessary in order that the amount of Distributions then due and payable by the OnBank Capital Trust on the outstanding Trust Securities shall not be reduced as a result of any additional taxes, duties and other governmental charges to which OnBank Capital Trust has become subject as a result of a Tax Event ("Additional Interest").

SECTION 2.07. Transfer and Exchange.

(a) TRANSFER RESTRICTIONS. (i) The Series A Securities, and those Series B Securities with respect to which any Person described in Section 2.04(b)(A), (B) or (C) is the beneficial owner, may not be transferred except in compliance with the legend contained in Exhibit A unless otherwise determined by the Company in accordance with applicable law. Upon any distribution of the Securities following a Dissolution Event, the Company and the Trustee shall enter into a supplemental indenture pursuant to Section 9.01 to provide for the transfer restrictions and procedures with respect to the Securities substantially similar to those contained in the Declaration to the extent applicable in the circumstances existing at such time.

(ii) The Securities will be issued and may be transferred only in blocks having an aggregate principal amount of not less than $100,000. Any such transfer of the Securities in a block having an aggregate principal amount of less than $100,000 shall be deemed to be voided and of no legal effect whatsoever. Any such transferee shall be deemed not to be a holder of such Securities for any purpose, including, but not limited to the receipt of payments on such Securities, and such transferee shall be deemed to have no interest whatsoever in such Securities.

(b) GENERAL PROVISIONS RELATING TO TRANSFERS AND EXCHANGES. To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Definitive

Securities and Global Securities at the Trustee's request. All Definitive Securities and Global Securities issued upon any registration of transfer or exchange of Definitive Securities or Global Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Definitive Securities or Global Securities surrendered upon such registration of transfer or exchange.

No service charge shall be made to a holder for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

The Company shall not be required to (i) issue, register the transfer of or exchange Securities during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption or any notice of selection of Securities for redemption under Article XIV hereof and ending at the close of business on the day of such mailing; or (ii) register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

Prior to due presentment for the registration of a transfer of any Security, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and premium, if any, and interest on such Securities, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary.

(c) EXCHANGE OF SERIES A SECURITIES FOR SERIES B SECURITIES. The Series A Securities may be exchanged for Series B Securities pursuant to the terms of the Exchange Offer. The Trustee shall make the exchange as follows:

The Company shall present the Trustee with an Officers' Certificate certifying the following:

(A) upon issuance of the Series B Securities, the transactions contemplated by the Exchange Offer have been consummated; and

(B) the principal amount of Series A Securities properly tendered in the Exchange Offer that are represented by a Global Security and the principal amount of Series A Securities properly tendered in the Exchange Offer that are represented by Definitive Securities, the name of each holder of such Definitive Securities, the principal amount properly tendered in the Exchange Offer by each such holder and the name and address to which Definitive

Securities for Series B Securities shall be registered and sent for each such holder.

The Trustee, upon receipt of (i) such Officers' Certificate, (ii) an Opinion of Counsel (x) to the effect that the Series B Securities have been registered under Section 5 of the Securities Act and the Indenture has been qualified under the Trust Indenture Act and (y) with respect to the matters set forth in Section 3(p) of the Registration Rights Agreement and (iii) a Company Order, shall authenticate (A) a Global Security for Series B Securities in aggregate principal amount equal to the aggregate principal amount of Series A Securities represented by a Global Security indicated in such Officers' Certificate as having been properly tendered and (B) Definitive Securities representing Series B Securities registered in the names of, and in the principal amounts indicated in, such Officers' Certificate.

If the principal amount of the Global Security for the Series B Securities is less than the principal amount of the Global Security for the Series A Securities, the Trustee shall make an endorsement on such Global Security for Series A Securities indicating a reduction in the principal amount represented thereby.

The Trustee shall deliver such Definitive Securities for Series B Securities to the holders thereof as indicated in such Officers' Certificate.

SECTION 2.08. Replacement Securities.

If any mutilated Security is surrendered to the Trustee, or the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, the Company shall issue and the Trustee shall authenticate a replacement Security if the Trustee's requirements for replacements of Securities are met. An indemnity bond must be supplied by the holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any agent thereof or any authenticating agent from any loss that any of them may suffer if a Security is replaced. The Company or the Trustee may charge for its expenses in replacing a Security.

Every replacement Security is an obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Securities duly issued hereunder.

SECTION 2.09. Temporary Securities.

Pending the preparation of Definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and make available for delivery, temporary Securities that are printed, lithographed, typewritten, mimeographed or otherwise reproduced, in any authorized denomination, substantially of the tenor of the Definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company shall cause Definitive Securities to be prepared without unreasonable delay. The Definitive Securities shall be printed, lithographed or engraved, or provided by any combination thereof, or in any other manner permitted by the rules and regulations of any applicable securities exchange, all as determined by the officers executing such Definitive Securities. After the preparation of Definitive Securities, the temporary Securities shall be exchangeable for Definitive Securities upon surrender of the temporary Securities at the office or agency maintained by the Company for such purpose pursuant to Section 3.02 hereof, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute, and the Trustee shall authenticate and make available for delivery, in exchange therefor the same aggregate principal amount of Definitive Securities of authorized denominations. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities.

SECTION 2.10. Cancellation.

The Company at any time may deliver Securities to the Trustee for cancellation. The Trustee and no one else shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall retain or destroy cancelled Securities in accordance with its normal practices (subject to the record retention requirement of the Exchange Act) unless the Company directs them to be returned to it. The Company may not issue new Securities to replace Securities that have been redeemed or paid or that have been delivered to the Trustee for cancellation.

SECTION 2.11. Defaulted Interest.

Any interest on any Security that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the holder on the relevant regular record date by virtue of having been such holder; and such Defaulted Interest

shall be paid by the Company, at its election, as provided in clause (a) or clause (b) below:

(a) The Company may make payment of any Defaulted Interest on Securities to the Persons in whose names such Securities (or their respective Predecessor Securities) are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a special record date for the payment of such Defaulted Interest which shall not be more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such special record date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the special record date therefor to be mailed, first class postage prepaid, to each Securityholder at his or her address as it appears in the Security Register, not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Interest and the special record date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names such Securities (or their respective Predecessor Securities) are registered on such special record date and shall be no longer payable pursuant to the following clause (b).

(b) The Company may make payment of any Defaulted Interest on any Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

SECTION 2.12. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Securityholders; PROVIDED that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

ARTICLE III

PARTICULAR COVENANTS OF THE COMPANY

SECTION 3.01. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of the holders of the Securities that it will duly and punctually pay or cause to be paid the principal of and premium, if any, and interest on the Securities at the place, at the respective times and in the manner provided herein. Except as provided in Section 2.03, each installment of interest on the Securities may be paid by mailing checks for such interest payable to the order of the holder of Security entitled thereto as they appear in the Security Register. The Company further covenants to pay any and all amounts, including, without limitation, Additional Interest, as may be required pursuant to Section 2.06(c), and Liquidated Damages, if any, on the dates and in the manner required under the Registration Rights Agreement.

SECTION 3.02. Offices for Notices and Payments, etc.

So long as any of the Securities remain outstanding, the Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where the Securities may be presented for payment, an office or agency where the Securities may be presented for registration of transfer and for exchange as in this Indenture provided and an office or agency where notices and demands to or upon the Company in respect of the Securities or of this Indenture may be served. The Company will give to the Trustee written notice of the location of any such office or agency and of any change of location thereof. Until otherwise designated from time to time by the Company in a notice to the Trustee, any such office or agency for all of the above purposes shall be the Principal Office of the Trustee. In case the Company shall fail to maintain any such office or agency in the

Borough of Manhattan, The City of New York, or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the Principal Office of the Trustee.

In addition to any such office or agency, the Company may from time to time designate one or more offices or agencies outside the Borough of Manhattan, The City of New York, where the Securities may be presented for payment, registration of transfer and for exchange in the manner provided in this Indenture, and the Company may from time to time rescind such designation, as the Company may deem desirable or expedient; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain any such office or agency in the Borough of Manhattan, The City of New York, for the purposes above mentioned. The Company will give to the Trustee prompt written notice of any such designation or rescission thereof.

SECTION 3.03. Appointments to Fill Vacancies in Trustee's Office.

The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 6.10, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 3.04. Provision as to Paying Agent.

(a) If the Company shall appoint a paying agent other than the Trustee with respect to the Securities, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provision of this Section 3.04,

(1) that it will hold all sums held by it as such agent for the payment of the principal of and premium, if any, or interest on the Securities (whether such sums have been paid to it by the Company or by any other obligor on the Securities) in trust for the benefit of the holders of the Securities; and

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Securities) to make any payment of the principal of and premium or interest on the Securities when the same shall be due and payable.

(b) If the Company shall act as its own paying agent, it will, on or before each due date of the principal of and premium, if any, or interest on the Securities, set aside, segregate and hold in trust for the benefit of the holders of the Securities a sum sufficient to pay such principal, premium or interest so becoming due and will notify the Trustee of any failure to take such action and of any failure by the Company (or by any other obligor under the Securities) to make any payment of the principal of and premium, if any, or interest on the Securities when the same shall become due and payable.

(c) Anything in this Section 3.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge with respect to the Securities hereunder, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust for such Securities by the Trustee or any paying agent hereunder, as required by this Section 3.04, such sums to be held by the Trustee upon the trusts herein contained.

(d) Anything in this Section 3.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 3.04 is subject to Sections 11.03 and 11.04.

SECTION 3.05. Certificate to Trustee.

The Company will deliver to the Trustee on or before 120 days after the end of each fiscal year in each year, commencing with the first fiscal year ending after the date hereof, so long as Securities are outstanding hereunder, an Officers' Certificate, one of the signers of which shall be the principal executive, principal financial or principal accounting officer of the Company stating that in the course of the performance by the signers of their duties as officers of the Company they would normally have knowledge of any default by the Company in the performance of any covenants contained herein, stating whether or not they have knowledge of any such default and, if so, specifying each such default of which the signers have knowledge and the nature thereof.

SECTION 3.06. Compliance with Consolidation Provisions.

The Company will not, while any of the Securities remain outstanding, consolidate with, or merge into, or merge into itself, or sell or convey all or substantially all of its

property to any other Person unless the provisions of Article X hereof are complied with.

SECTION 3.07. Limitation on Dividends.

The Company will not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Company's capital stock (which includes common and preferred stock) or (ii) make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any debt securities of the Company (including any Other Debentures) that rank PARI PASSU with or junior in right of payment to the Securities or (iii) make any guarantee payments with respect to any guarantee by the Company of the debt securities of any Subsidiary of the Company (including any Other Guarantees) if such guarantee ranks PARI PASSU or junior in right of payment to the Securities (other than (a) dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, Common Stock of the Company, (b) any declaration of a dividend in connection with the implementation of a stockholder's rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto, (c) payments under the Capital Securities Guarantee, (d) as a result of a reclassification of the Company's capital stock or the exchange or the conversion of one class or series of the Company's capital stock for another class or series of the Company's capital stock; (e) the purchase of fractional interests in shares of the Company's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged; and (f) purchases of Common Stock related to the issuance of Common Stock or rights under any of the Company's benefit plans for its directors, officers or employees or any of the Company's dividend reinvestment plans) if at such time (i) there shall have occurred any event of which the Company has actual knowledge that (a) is or, with the giving of notice or the lapse of time, or both, would constitute an Event of Default and (b) in respect of which the Company shall not have taken reasonable steps to cure, (ii) if such Securities are held by the Property Trustee, the Company shall be in default with respect to its payment obligations under the Capital Securities Guarantee or (iii) the Company shall have given notice of its election of the exercise of its right to extend the interest payment period pursuant to Section 16.01 and any such extension shall be continuing.

SECTION 3.08. Covenants as to OnBank Capital Trust

In the event Securities are issued to OnBank Capital Trust or a trustee of such trust in connection with the issuance of Trust Securities by OnBank Capital Trust, for so long as such Trust Securities remain outstanding, the Company (i) will maintain

100% direct or indirect ownership of the Common Securities of OnBank Capital Trust; PROVIDED, HOWEVER, that any successor of the Company, permitted pursuant to Article X, may succeed to the Company's ownership of such Common Securities, (ii) will not cause, as sponsor of OnBank Capital Trust, or permit, as holder of the Common Securities, the dissolution, winding-up or termination of the Trust, except in connection with a distribution of the Securities as provided in the Declaration and in connection with certain mergers, consolidations of amalgamations and (iii) will use its reasonable best efforts to cause OnBank Capital Trust (a) to remain a business trust, except in connection with a distribution of Securities to the holders of Trust Securities in liquidation of the Trust, the redemption of all of the Trust Securities of OnBank Capital Trust or certain mergers, consolidations or amalgamations, each as permitted by the Declaration of OnBank Capital Trust, and (b) to otherwise continue to be treated as a grantor trust and not an association taxable as a corporation for United States federal income tax purposes.

SECTION 3.09. Payment of Expenses.

In connection with the offering, sale and issuance of the Securities to the OnBank Capital Trust and in connection with the sale of the Trust Securities by the OnBank Capital Trust, the Company, in its capacity as borrower with respect to the Securities, shall:

(a) pay all costs and expenses relating to the offering, sale and issuance of the Securities, including commissions to the initial purchasers payable pursuant to the Purchase Agreement, fees and expenses in connection with any exchange offer, filing of a shelf registration statement or other action to be taken pursuant to the Registration Rights Agreement and compensation of the Trustee in accordance with the provisions of Section 6.06;

(b) pay all costs and expenses of the Trust (including, but not limited to, costs and expenses relating to the organization of the OnBank Capital Trust, the offering, sale and issuance of the Trust Securities (including commissions to the initial purchasers in connection therewith), the fees and expenses of the Property Trustee and the Delaware Trustee, the costs and expenses relating to the operation of OnBank Capital Trust, including without limitation, costs and expenses of accountants, attorneys, statistical or bookkeeping services, expenses for printing and engraving and computing or accounting equipment, paying agent(s), registrar(s), transfer agent(s), duplicating, travel and telephone and other telecommunications expenses and costs and expenses incurred in connection with the acquisition, financing, and disposition of assets of OnBank Capital Trust;

(c) be primarily and fully liable for any indemnification obligations arising with respect to the Declaration;

(d) pay any and all taxes (other than United States withholding taxes attributable to OnBank Capital Trust or its assets) and all liabilities, costs and expenses with respect to such taxes of the Trust; and

(e) pay all other fees, expenses, debts and obligations (other than in respect of the Trust Securities) related to OnBank Capital Trust.

SECTION 3.10. Payment Upon Resignation or Removal.

Upon termination of this Indenture or the removal or resignation of the Trustee, unless otherwise stated, the Company shall pay to the Trustee all amounts accrued and owing to the date of such termination, removal or resignation. Upon termination of the Declaration or the removal or resignation of the Delaware Trustee or the Property Trustee, as the case may be, pursuant to Section 5.7 of the Declaration, the Company shall pay to the Delaware Trustee or the Property Trustee, as the case may be, all amounts accrued and owing to the date of such termination, removal or resignation.

ARTICLE IV

SECURITYHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

SECTION 4.01. Securityholders' Lists.

The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee:

(a) on a semiannual basis on each regular record date for the Securities, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Securityholders as of such record date; and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company, of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished,

except that, no such lists need be furnished so long as the Trustee is in possession thereof by reason of its acting as Security registrar.

SECTION 4.02. Preservation and Disclosure of Lists.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of the Securities (1) contained in the most recent list furnished to it as provided in Section 4.01 or (2) received by it in the capacity of Securities registrar (if so acting) hereunder. The Trustee may destroy any list furnished to it as provided in Section 4.01 upon receipt of a new list so furnished.

(b) In case three or more holders of Securities (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Security for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Securities or with holders of all Securities with respect to their rights under this Indenture and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall within 5 Business Days after the receipt of such application, at its election, either:

(1) afford such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 4.02, or

(2) inform such applicants as to the approximate number of holders of all Securities, whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 4.02, and as to the approximate cost of mailing to such Securityholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Securityholder whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 4.02 a copy of the form of proxy or other communication which is specified in such request with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of

mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Securities of such series or all Securities, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Securityholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any paying agent shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Securities in accordance with the provisions of subsection (b) of this Section 4.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (b).

SECTION 4.03. Reports by Company.

(a) The Company covenants and agrees to file with the Trustee, within 15 days after the date on which the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as said Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and

the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Company covenants and agrees to file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit by mail to all holders of Securities, as the names and addresses of such holders appear upon the Security Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section 4.03 as may be required by rules and regulations prescribed from time to time by the Commission.

(d) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

(e) So long as is required for an offer or sale of the Securities to qualify for an exemption under Rule 144A under the Securities Act, the Company shall, upon request, provide the information required by clause (d)(4) thereunder to each Securityholder and to each beneficial owner and prospective purchaser of Securities identified by each Securityholder of Restricted Securities, unless such information is furnished to the Commission pursuant to Section 13 or 15(d) of the Exchange Act.

SECTION 4.04. Reports by the Trustee.

(a) The Trustee shall transmit to Securityholders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. If required by Section 313(a) of the Trust Indenture Act, the Trustee shall, within sixty days after each May 15 following the date of this Indenture, commencing May 15, 1997, deliver to Securityholders a brief report, dated as of such May 15, which complies with the provisions of such Section 313(a).

(b) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with each stock exchange, if any, upon which the Securities are listed, with the Commission and with the Company. The Company will promptly notify the Trustee when the Securities are listed on any stock exchange.

ARTICLE V

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

SECTION 5.01. Events of Default.

One or more of the following events of default shall constitute an Event of Default hereunder:

(a) default in the payment of any interest upon any Security or any Other Debentures when it becomes due and payable, and continuance of such default for a period of 30 days; PROVIDED, however, that a valid extension of an interest payment period by the Company in accordance with the terms hereof shall not constitute a default in the payment of interest for this purpose; or

(b) default in the payment of all or any part of the principal of (or premium, if any, on) any Security or any Other Debentures as and when the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise; or

(c) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, by

registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(d) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or

(e) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or of any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

If an Event of Default with respect to Securities at the time outstanding occurs and is continuing, then in every such case the Trustee or the holders of not less than 25% in aggregate principal amount of the Securities then outstanding may declare the principal amount of all Securities to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the holders of the outstanding Securities), and upon any such declaration the same shall become immediately due and payable.

The foregoing provisions, however, are subject to the condition that if, at any time after the principal of the Securities shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, (i) the Company shall pay or shall deposit with the Trustee a sum sufficient to pay (A) all matured installments of interest upon all the Securities and the principal of and premium, if any, on any and all Securities which shall have become due otherwise than by acceleration (with interest upon such principal and premium, if any, and, to the extent that payment of such interest is enforceable

under applicable law, on overdue installments of interest, at the same rate as the rate of interest specified in the Securities to the date of such payment or deposit) and (B) such amount as shall be sufficient to cover reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and (ii) any and all Events of Default under the Indenture, other than the non-payment of the principal of the Securities which shall have become due solely by such declaration of acceleration, shall have been cured, waived or otherwise remedied as provided herein, then, in every such case, the holders of a majority in aggregate principal amount of the Securities then outstanding, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Trustee and the holders of the Securities shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Trustee and the holders of the Securities shall continue as though no such proceeding had been taken.

SECTION 5.02. Payment of Securities on Default; Suit Therefor.

The Company covenants that (a) in case default shall be made in the payment of any installment of interest upon any of the Securities as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (b) in case default shall be made in the payment of the principal of or premium, if any, on any of the Securities as and when the same shall have become due and payable, whether at maturity of the Securities or upon redemption or by declaration or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Securities, the whole amount that then shall have become due and payable on all such Securities for principal and premium, if any, or interest, or both, as the case may be, with interest upon the overdue principal and premium, if any, and (to the extent that payment of such interest is enforceable under applicable law and, if the Securities are held by OnBank Capital Trust or a trustee of such trust, without duplication of any other amounts paid by OnBank Capital Trust or trustee in respect thereof) upon the overdue installments of interest at the rate borne by the Securities; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and

counsel, and any expenses or liabilities incurred by the Trustee hereunder other than through its negligence or bad faith.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on the Securities and collect in the manner provided by law out of the property of the Company or any other obligor on the Securities wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Securities under Title 11, United States Code, or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Company or such other obligor, or in the case of any other similar judicial proceedings relative to the Company or other obligor upon the Securities, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 5.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Securities and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or bad faith) and of the Securityholders allowed in such judicial proceedings relative to the Company or any other obligor on the Securities, or to the creditors or property of the Company or such other obligor, unless prohibited by applicable law and regulations, to vote on behalf of the holders of the Securities in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Securityholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Securityholders, to pay to the Trustee such amounts as shall be sufficient to

cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

Nothing herein contained shall be construed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any holder thereof or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Securities, may be enforced by the Trustee without the possession of any of the Securities, or the production thereof on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Securities.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Securities, and it shall not be necessary to make any holders of the Securities parties to any such proceedings.

SECTION 5.03. Application of Moneys Collected by Trustee.

Any moneys collected by the Trustee shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys, upon presentation of the Securities in respect of which moneys have been collected, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

First: To the payment of costs and expenses of collection applicable to the Securities and reasonable compensation to the Trustee, its agents, attorneys and counsel, and of all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith;

Second: To the payment of all Senior Indebtedness of the Company if and to the extent required by Article XV;

Third: In case the principal of the outstanding Securities in respect of which moneys have been collected shall not have become due and be unpaid, to the payment of the amounts then due and unpaid upon Securities for principal of (and premium, if any) and interest on the Securities, in respect of which or for the benefit of which money has been collected, ratably,

without preference of priority of any kind, according to the amounts due on such Securities for principal (and premium, if any) and interest, respectively; and

Fourth: To the Company.

SECTION 5.04. Proceedings by Securityholders.

No holder of any Security shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof with respect to the Securities specifying such Event of Default, as hereinbefore provided, and unless also the holders of not less than 25% in aggregate principal amount of the Securities then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action, suit or proceeding, it being understood and intended, and being expressly covenanted by the taker and holder of every Security with every other taker and holder and the Trustee, that no one or more holders of Securities shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of Securities, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Securities.

Notwithstanding any other provisions in this Indenture, however, the right of any holder of any Security to receive payment of the principal of (premium, if any) and interest on such Security, on or after the same shall have become due and payable, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such holder and by accepting a Security hereunder it is expressly understood, intended and covenanted by the taker and holder of every Security with every other such taker and holder and the Trustee, that no one or more holders of Securities shall have any right in any manner whatsoever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of the holders of any other Securities, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Securities. For the protection and enforcement of the provisions of this Section, each and every

Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

The Company and the Trustee acknowledge that pursuant to the Declaration, the holders of Capital Securities are entitled, in the circumstances and subject to the limitations set forth therein, to commence a Direct Action with respect to any Event of Default under this Indenture and the Securities.

SECTION 5.05. Proceedings by Trustee.

In case an Event of Default occurs with respect to Securities and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 5.06. Remedies Cumulative and Continuing.

All powers and remedies given by this Article V to the Trustee or to the Securityholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any other powers and remedies available to the Trustee or the holders of the Securities, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture or otherwise established with respect to the Securities, and no delay or omission of the Trustee or of any holder of any of the Securities to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and, subject to the provisions of Section 5.04, every power and remedy given by this Article V or by law to the Trustee or to the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

SECTION 5.07. Direction of Proceedings and Waiver of Defaults by Majority of Securityholders.

The holders of a majority in aggregate principal amount of the Securities at the time outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; PROVIDED, HOWEVER, that (subject to the provisions of Section 6.01) the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine that the action so directed would be unjustly prejudicial to the holders not taking part in such

direction or if the Trustee being advised by counsel determines that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees and/or Responsible Officers shall determine that the action or proceedings so directed would involve the Trustee in personal liability. Prior to any declaration accelerating the maturity of the Securities, the holders of a majority in aggregate principal amount of the Securities at the time outstanding may on behalf of the holders of all of the Securities waive any past default or Event of Default and its consequences except a default (a) in the payment of principal of or premium, if any, or interest on any of the Securities or (b) in respect of covenants or provisions hereof which cannot be modified or amended without the consent of the holder of each Security affected; PROVIDED, HOWEVER, that if the Securities are held by the Property Trustee, such waiver or modification to such waiver shall not be effective until the holders of a majority in aggregate liquidation amount of Trust Securities shall have consented to such waiver or modification to such waiver; PROVIDED FURTHER, that if the consent of the holder of each outstanding Security is required, such waiver shall not be effective until each holder of the Trust Securities shall have consented to such waiver. Upon any such waiver, the default covered thereby shall be deemed to be cured for all purposes of this Indenture and the Company, the Trustee and the holders of the Securities shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 5.07, said default or Event of Default shall for all purposes of the Securities and this Indenture be deemed to have been cured and to be not continuing.

SECTION 5.08. Notice of Defaults.

The Trustee shall, within 90 days after the occurrence of a default with respect to the Securities mail to all Securityholders, as the names and addresses of such holders appear upon the Security Register, notice of all defaults known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term "defaults" for the purpose of this Section 5.08 being hereby defined to be the events specified in clauses (a), (b), (c), (d) and (e) of Section 5.01, not including periods of grace, if any, provided for therein, and irrespective of the giving of written notice specified in clause (c) of Section 5.01); and provided that, except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Securities, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Securityholders; and provided further, that in the case of any default of the character specified in Section 5.01(c) no such

notice to Securityholders shall be given until at least 60 days after the occurrence thereof but shall be given within 90 days after such occurrence.

SECTION 5.09. Undertaking to Pay Costs.

All parties to this Indenture agree, and each holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.09 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder, or group of Securityholders, holding in the aggregate more than 10% in aggregate principal amount of the Securities outstanding, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security against the Company on or after the same shall have become due and payable.

ARTICLE VI

CONCERNING THE TRUSTEE

SECTION 6.01. Duties and Responsibilities of Trustee.

With respect to the holders of the Securities issued hereunder, the Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith, in accordance with the direction of the Securityholders pursuant to Section 5.07, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Indenture or adequate indemnity against such risk is not reasonably assured to it.

SECTION 6.02. Reliance on Documents, Opinions, etc.

Except as otherwise provided in Section 6.01:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, note, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein may be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel of its selection and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture; nothing contained herein shall, however, relieve the Trustee of the obligation, upon the occurrence of an Event of Default (that has not been cured or waived), to exercise such of the rights and powers vested in it by this Indenture, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument,

opinion, report, notice, request, consent, order, approval, bond, debenture, coupon or other paper or document, unless requested in writing to do so by the holders of a majority in aggregate principal amount of the outstanding Securities; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expense or liability as a condition to so proceeding; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents (including any Authenticating Agent) or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed by it with due care.

SECTION 6.03. No Responsibility for Recitals, etc.

The recitals contained herein and in the Securities (except in the certificate of authentication of the Trustee or the Authenticating Agent) shall be taken as the statements of the Company and the Trustee and the Authenticating Agent assume no responsibility for the correctness of the same. The Trustee and the Authenticating Agent make no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee and the Authenticating Agent shall not be accountable for the use or application by the Company of any Securities or the proceeds of any Securities authenticated and delivered by the Trustee or the Authenticating Agent in conformity with the provisions of this Indenture.

SECTION 6.04. Trustee, Authenticating Agent, Paying Agents, Transfer Agents or Registrar May Own Securities.

The Trustee or any Authenticating Agent or any paying agent or any transfer agent or any Security registrar, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not Trustee, Authenticating Agent, paying agent, transfer agent or Security registrar.

SECTION 6.05. Moneys to be Held in Trust.

Subject to the provisions of Section 11.04, all moneys received by the Trustee or any paying agent shall, until used or applied as herein provided, be held in trust for the purpose for which they were received, but need not be segregated from other

funds except to the extent required by law. The Trustee and any paying agent shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company. So long as no Event of Default shall have occurred and be continuing, all interest allowed on any such moneys shall be paid from time to time upon the written order of the Company, signed by the Chairman of the Board of Directors, the President or a Vice President or the Treasurer or an Assistant Treasurer of the Company.

SECTION 6.06. Compensation and Expenses of Trustee.

The Company, as issuer of Securities under this Indenture, covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, such compensation as shall be agreed to in writing between the Company and the Trustee (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Company also covenants to indemnify each of the Trustee or any predecessor Trustee (and its officers, agents, directors and employees) for, and to hold it harmless against, any and all loss, damage, claim, liability or expense including taxes (other than taxes based on the income of the Trustee) incurred without negligence or bad faith on the part of the Trustee and arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Company under this Section 6.06 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall be secured by a lien prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 5.01(d) or Section 5.01(e), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Indenture.

SECTION 6.07. Officers' Certificate as Evidence.

Except as otherwise provided in Sections 6.01 and 6.02, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof is herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 6.08. Conflicting Interest of Trustee.

If the Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Trustee and the Company shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

SECTION 6.09. Eligibility of Trustee.

The Trustee hereunder shall at all times be a corporation organized and doing business under the laws of the United States of America or any state or territory thereof or of the District of Columbia or a corporation or other Person permitted to act as trustee by the Commission authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least 50 million U.S. dollars ($50,000,000) and subject to supervision or examination by federal, state, territorial, or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 6.09 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Company may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Company, serve as Trustee.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 6.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 6.10.

SECTION 6.10. Resignation or Removal of Trustee.

(a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign by giving written notice of such resignation to the Company and by mailing notice thereof to the holders of the Securities at their addresses as they shall appear on the Security register. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee or trustees by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 60 days after the mailing of such notice of resignation to the affected Securityholders, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security for at least six months may, subject to the provisions of Section 5.09, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(1) the Trustee shall fail to comply with the provisions of Section 6.08 after written request therefor by the Company or by any Securityholder who has been a bona fide holder of a Security or Securities for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 6.09 and shall fail to resign after written request therefor by the Company or by any such Securityholder, or

(3) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written

instrument, in duplicate, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 5.09, any Securityholder who has been a bona fide holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Securities at the time outstanding may at any time remove the Trustee and nominate a successor trustee, which shall be deemed appointed as successor trustee unless within 10 days after such nomination the Company objects thereto or if no successor trustee shall have been so appointed and shall have accepted appointment within 30 days after such removal, in which case the Trustee so removed or any Securityholder, upon the terms and conditions and otherwise as in subsection (a) of this Section 6.10 provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 6.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 6.11.

SECTION 6.11. Acceptance by Successor Trustee.

Any successor trustee appointed as provided in Section 6.10 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the retiring trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 6.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act and shall duly assign, transfer and deliver to such successor trustee all property and money held by such retiring trustee thereunder. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and

certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 6.06.

No successor trustee shall accept appointment as provided in this Section 6.11 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 6.08 and eligible under the provisions of Section 6.09.

Upon acceptance of appointment by a successor trustee as provided in this Section 6.11, the Company shall mail notice of the succession of such trustee hereunder to the holders of Securities at their addresses as they shall appear on the Security register. If the Company fails to mail such notice within 10 days after the acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

SECTION 6.12. Succession by Merger, etc.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which the Securities or this Indenture elsewhere provides that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 6.13. Limitation on Rights of Trustee as a Creditor.

The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship described in Section 311(b) of the Trust Indenture Act. A Trustee

who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent included therein.

SECTION 6.14. Authenticating Agents.

There may be one or more Authenticating Agents appointed by the Trustee upon the request of the Company with power to act on its behalf and subject to its direction in the authentication and delivery of Securities issued upon exchange or transfer thereof as fully to all intents and purposes as though any such Authenticating Agent had been expressly authorized to authenticate and deliver Securities; provided, that the Trustee shall have no liability to the Company for any acts or omissions of the Authenticating Agent with respect to the authentication and delivery of Securities. Any such Authenticating Agent shall at all times be a corporation organized and doing business under the laws of the United States or of any state or territory thereof or of the District of Columbia authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of at least $5,000,000 and being subject to supervision or examination by federal, state, territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section 6.14 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect herein specified in this Section.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of such Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section 6.14 without the execution or filing of any paper or any further act on the part of the parties hereto or such Authenticating Agent.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section 6.14, the Trustee may, and upon the request of the Company shall, promptly appoint a successor Authenticating Agent eligible under this Section 6.14, shall give written notice of such appointment to the Company and shall mail notice of such appointment to all Securityholders as the names and addresses of such holders appear on the Security Register.

Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all rights, powers, duties and responsibilities of its predecessor hereunder, with like effect as if originally named as Authenticating Agent herein.

The Company, as borrower, agrees to pay to any Authenticating Agent from time to time reasonable compensation for its services. Any Authenticating Agent shall have no responsibility or liability for any action taken by it as such in accordance with the directions of the Trustee.

ARTICLE VII

CONCERNING THE SECURITYHOLDERS

SECTION 7.01. Action by Securityholders.

Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Securities may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by such Securityholders in person or by agent or proxy appointed in writing, or (b) by the record of such holders of Securities voting in favor thereof at any meeting of such Securityholders duly called and held in accordance with the provisions of Article VIII, or (c) by a combination of such instrument or instruments and any such record of such a meeting of such Securityholders.

If the Company shall solicit from the Securityholders any request, demand, authorization, direction, notice, consent, waiver or other action, the Company may, at its option, as evidenced by an Officers' Certificate, fix in advance a record date for the determination of Securityholders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other action, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after the record date, but only the Securityholders of record at the close of business on the record date shall be deemed to be Securityholders for the purposes of determining whether Securityholders of the requisite proportion of outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other action, and for that purpose the outstanding Securities shall be computed as of the record date; PROVIDED, HOWEVER, that no such authorization, agreement or consent by such Securityholders on the record date shall be deemed effective unless it shall become effective pursuant to the

provisions of this Indenture not later than six months after the record date.

SECTION 7.02. Proof of Execution by Securityholders.

Subject to the provisions of Section 6.01, 6.02 and 8.05, proof of the execution of any instrument by a Securityholder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The ownership of Securities shall be proved by the Security Register or by a certificate of the Security registrar. The Trustee may require such additional proof of any matter referred to in this Section as it shall deem necessary.

The record of any Securityholders' meeting shall be proved in the manner provided in Section 8.06.

SECTION 7.03. Who Are Deemed Absolute Owners.

Prior to due presentment for registration of transfer of any Security, the Company, the Trustee, any Authenticating Agent, any paying agent, any transfer agent and any Security registrar may deem the person in whose name such Security shall be registered upon the Security Register to be, and may treat him as, the absolute owner of such Security (whether or not such Security shall be overdue) for the purpose of receiving payment of or on account of the principal of and premium, if any, and (subject to Section 2.06) interest on such Security and for all other purposes; and neither the Company nor the Trustee nor any Authenticating Agent nor any paying agent nor any transfer agent nor any Security registrar shall be affected by any notice to the contrary. All such payments so made to any holder for the time being or upon his order shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security.

SECTION 7.04. Securities Owned by Company Deemed Not Outstanding.

In determining whether the holders of the requisite aggregate principal amount of Securities have concurred in any direction, consent or waiver under this Indenture, Securities which are owned by the Company or any other obligor on the Securities or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Securities shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Securities which the Trustee actually knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 7.04 if the pledgee

shall establish to the satisfaction of the Trustee the pledgee's right to vote such Securities and that the pledgee is not the Company or any such other obligor or person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 7.05. Revocation of Consents; Future Holders Bound.

At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 7.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action, any holder of a Security (or any Security issued in whole or in part in exchange or substitution therefor), subject to Section 7.01, the serial number of which is shown by the evidence to be included in the Securities the holders of which have consented to such action may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 7.02, revoke such action so far as concerns such Security (or so far as concerns the principal amount represented by any exchanged or substituted Security). Except as aforesaid any such action taken by the holder of any Security shall be conclusive and binding upon such holder and upon all future holders and owners of such Security, and of any Security issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Security or any Security issued in exchange or substitution therefor.

ARTICLE VIII

SECURITYHOLDERS' MEETINGS

SECTION 8.01. Purposes of Meetings.

A meeting of Securityholders may be called at any time and from time to time pursuant to the provisions of this Article VIII for any of the following purposes:

(a) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Securityholders pursuant to any of the provisions of Article V;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article VI;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 9.02; or

(d) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of such Securities under any other provision of this Indenture or under applicable law.

SECTION 8.02. Call of Meetings by Trustee.

The Trustee may at any time call a meeting of Securityholders to take any action specified in Section 8.01, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of the Securityholders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed to holders of Securities at their addresses as they shall appear on the Securities Register. Such notice shall be mailed not less than 20 nor more than 180 days prior to the date fixed for the meeting.

SECTION 8.03. Call of Meetings by Company or Securityholders.

In case at any time the Company pursuant to a resolution of the Board of Directors, or the holders of at least 10% in aggregate principal amount of the Securities then outstanding, shall have requested the Trustee to call a meeting of Securityholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then the Company or such Securityholders may determine the time and the place in said Borough of Manhattan for such meeting and may call such meeting to take any action authorized in Section 8.01, by mailing notice thereof as provided in Section 8.02.

SECTION 8.04. Qualifications for Voting.

To be entitled to vote at any meeting of Securityholders a person shall (a) be a holder of one or more Securities or (b) a person appointed by an instrument in writing as proxy by a holder of one or more Securities. The only persons who shall be entitled to be present or to speak at any meeting of Securityholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 8.05. Regulations.

Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Securityholders, in regard to proof of the holding of Securities and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Securityholders as provided in Section 8.03, in which case the Company or the Securityholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by majority vote of the meeting.

Subject to the provisions of Section 8.04, at any meeting each holder of Securities or proxy therefor shall be entitled to one vote for each $1,000 principal amount of Securities held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Securities held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Securityholders. Any meeting of Securityholders duly called pursuant to the provisions of Section 8.02 or 8.03 may be adjourned from time to time by a majority of those present, and the meeting may be held as so adjourned without further notice.

SECTION 8.06. Voting.

The vote upon any resolution submitted to any meeting of holders of Securities shall be by written ballots on which shall be subscribed the signatures of such holders or of their representatives by proxy and the serial number or numbers of the Securities held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Securityholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 8.02. The record shall show the serial numbers of the Securities voting in favor of or against any resolution. The

record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. The holders of the Series A Capital Securities and the Series B Capital Securities shall vote for all purposes as a single class.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE IX

AMENDMENTS

SECTION 9.01. Without Consent of Securityholders.

The Company and the Trustee may from time to time and at any time amend the Indenture, without the consent of the Securityholders, for one or more of the following purposes:

(a) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article X hereof;

(b) to add to the covenants of the Company such further covenants, restrictions or conditions for the protection of the Securityholders as the Board of Directors and the Trustee shall consider to be for the protection of the Securityholders, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(c) to provide for the issuance under this Indenture of Securities in coupon form (including Securities registrable as to principal only) and to provide for exchangeability of such Securities with the Securities issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(d) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture; provided that any such action shall not materially adversely affect the interests of the holders of the Securities;

(e) to evidence and provide for the acceptance of appointment hereunder by a successor trustee with respect to the Securities;

(f) to make provision for transfer procedures, certification, book-entry provisions, the form of restricted securities legends, if any, to be placed on Securities, and all other matters required pursuant to Section 2.07 or otherwise necessary, desirable or appropriate in connection with the issuance of Securities to holders of Capital Securities in the event of a distribution of Securities by OnBank Capital Trust following a Dissolution Event;

(g) to qualify or maintain qualification of this Indenture under the Trust Indenture Act; or

(h) to make any change that does not adversely affect the rights of any Securityholder in any material respect.

The Trustee is hereby authorized to join with the Company in the execution of any supplemental indenture to effect such amendment, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to, but may in its discretion, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any amendment to the Indenture authorized by the provisions of this Section 9.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 9.02.

SECTION 9.02. With Consent of Securityholders.

With the consent (evidenced as provided in Section 7.01) of the holders of a majority in aggregate principal amount of the Securities at the time outstanding, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time amend the Indenture for the purpose of

adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the holders of the Securities; provided, however, that no such amendment shall without the consent of the holders of each Security then outstanding and affected thereby (i) extend the Maturity Date of any Security, or reduce the rate or extend the time of payment of interest thereon (except as contemplated by Article XVI), or reduce the principal amount thereof, or reduce any amount payable on redemption thereof, or make the principal thereof or any interest or premium thereon payable in any coin or currency other than that provided in the Securities, or impair or affect the right of any Securityholder to institute suit for payment thereof, or (ii) reduce the aforesaid percentage of Securities the holders of which are required to consent to any such amendment to the Indenture, PROVIDED, HOWEVER, that if the Securities are held by OnBank Capital Trust, such amendment shall not be effective until the holders of a majority in liquidation amount of Trust Securities shall have consented to such amendment; PROVIDED, FURTHER, that if the consent of the holder of each outstanding Security is required, such amendment shall not be effective until each holder of the Trust Securities shall have consented to such amendment.

Upon the request of the Company accompanied by a copy of a resolution of the Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of any supplemental indenture affecting such amendment, and upon the filing with the Trustee of evidence of the consent of Securityholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Trustee shall transmit by mail, first class postage prepaid, a notice, prepared by the Company, setting forth in general terms the substance of such supplemental indenture, to the Securityholders as their names and addresses appear upon the Security Register. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 9.03. Compliance with Trust Indenture Act; Effect of Supplemental Indentures.

Any supplemental indenture executed pursuant to the provisions of this Article IX shall comply with the Trust

Indenture Act. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Securities shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.04. Notation on Securities.

Securities authenticated and delivered after the execution of any supplemental indenture affecting such series pursuant to the provisions of this Article IX may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared and executed by the Company, authenticated by the Trustee or the Authenticating Agent and delivered in exchange for the Securities then outstanding.

SECTION 9.05. Evidence of Compliance of Supplemental Indenture to be Furnished Trustee.

The Trustee, subject to the provisions of Sections 6.01 and 6.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article IX.

ARTICLE X

CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

SECTION 10.01. Company May Consolidate, etc., on Certain Terms.

Nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of the Company with or into any other Person (whether or not affiliated with the Company, as the case may be), or successive consolidations or mergers in which the Company or its successor or successors, as the case may be, shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Company, or its successor or successors as the case may be, as an entirety, or substantially as an entirety, to any other Person (whether or not affiliated with the Company, or its successor or successors, as the case may be authorized to acquire and operate the same; PROVIDED, that (a) the Company is the

surviving Person, or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, conveyance, transfer or lease of property is made is a Person organized and existing under the laws of the United States or any State thereof or the District of Columbia, and (b) upon any such consolidation, merger, sale, conveyance, transfer or lease, the due and punctual payment of the principal of (and premium, if any) and interest on the Securities according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Indenture to be kept or performed by the Company shall be expressly assumed, by supplemental indenture (which shall conform to the provisions of the Trust Indenture Act, as then in effect) satisfactory in form to the Trustee executed and delivered to the Trustee by the Person formed by such consolidation, or into which the Company shall have been merged, or by the Person which shall have acquired such property, as the case may be, and (c) after giving effect to such consolidation, merger, sale, conveyance, transfer or lease, no Default or Event of Default shall have occurred and be continuing.

SECTION 10.02. Successor Corporation to be Substituted for Company.

In case of any such consolidation, merger, conveyance or transfer and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and premium, if any, and interest on all of the Securities and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed or observed by the Company, such successor Person shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part, and the Company thereupon shall be relieved of any further liability or obligation hereunder or upon the Securities. Such successor Person thereupon may cause to be signed, and may issue either in its own name or in the name of ONBANCorp, Inc., any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee or the Authenticating Agent; and, upon the order of such successor Person instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee or the Authenticating Agent shall authenticate and deliver any Securities which previously shall have been signed and delivered by the officers of the Company to the Trustee or the Authenticating Agent for authentication, and any Securities which such successor Person thereafter shall cause to be signed and delivered to the Trustee or the Authenticating Agent for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Indentures had been issued at the date of the execution hereof.

SECTION 10.03. Opinion of Counsel to be Given Trustee.

The Trustee, subject to the provisions of Sections 6.01 and 6.02, may receive an Opinion of Counsel as conclusive evidence that any consolidation, merger, sale, conveyance, transfer or lease, and any assumption, permitted or required by the terms of this Article X complies with the provisions of this Article X.

ARTICLE XI

SATISFACTION AND DISCHARGE OF INDENTURE

SECTION 11.01. Discharge of Indenture.

When (a) the Company shall deliver to the Trustee for cancellation all Securities theretofore authenticated (other than any Securities which shall have been destroyed, lost or stolen and which shall have been replaced as provided in Section 2.08) and not theretofore cancelled, or (b) all the Securities not theretofore cancelled or delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Company shall deposit with the Trustee, in trust, funds sufficient to pay on the Maturity Date or upon redemption all of the Securities (other than any Securities which shall have been destroyed, lost or stolen and which shall have been replaced as provided in Section 2.08) not theretofore cancelled or delivered to the Trustee for cancellation, including principal and premium, if any, and interest due or to become due to the Maturity Date or redemption date, as the case may be, but excluding, however, the amount of any moneys for the payment of principal of or premium, if any, or interest on the Securities (1) theretofore repaid to the Company in accordance with the provisions of Section 11.04, or (2) paid to any State or to the District of Columbia pursuant to its unclaimed property or similar laws, and if in either case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect except for the provisions of Sections 2.02, 2.07, 2.08, 3.01, 3.02, 3.04, 6.06, 6.10 and 11.04 hereof, which shall survive until such Securities shall mature and be paid. Thereafter, Sections 6.06, 6.10 and 11.04 shall survive, and the Trustee, on demand of the Company accompanied by any Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture, the Company, however, hereby agreeing to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee in connection with this Indenture or the Securities.

SECTION 11.02. Deposited Moneys and U.S. Government Obligations to be Held in Trust by Trustee.

Subject to the provisions of Section 11.04, all moneys and U.S. Government Obligations deposited with the Trustee pursuant to Sections 11.01 or 11.05 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Company if acting as its own paying agent), to the holders of the particular Securities for the payment of which such moneys or U.S. Government Obligations have been deposited with the Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 11.05 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the holders of outstanding Securities.

SECTION 11.03. Paying Agent to Repay Moneys Held.

Upon the satisfaction and discharge of this Indenture all moneys then held by any paying agent of the Securities (other than the Trustee) shall, upon written demand of the Company, be repaid to it or paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 11.04. Return of Unclaimed Moneys.

Any moneys deposited with or paid to the Trustee or any paying agent for payment of the principal of or premium, if any, or interest on Securities and not applied but remaining unclaimed by the holders of Securities for two years after the date upon which the principal of or premium, if any, or interest on such Securities, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee or such paying agent on written demand; and the holder of any of the Securities shall thereafter look only to the Company for any payment which such holder may be entitled to collect and all liability of the Trustee or such paying agent with respect to such moneys shall thereupon cease.

SECTION 11.05. Defeasance Upon Deposit of Moneys or U.S. Government Obligations.

The Company shall be deemed to have been Discharged (as defined below) from its obligations with respect to the Securities on the 91st day after the applicable conditions set forth below have been satisfied:

(1) the Company shall have deposited or caused to be deposited irrevocably with the Trustee or the

Defeasance Agent (as defined below) as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of the Securities (i) money in an amount, or (ii) U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (iii) a combination of (i) and (ii), sufficient, in the opinion (with respect to (ii) and (iii)) of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee and the Defeasance Agent, if any, to pay and discharge each installment of principal of and interest and premium, if any, on the outstanding Securities on the dates such installments of principal, interest or premium are due;

(2) if the Securities are then listed on any national securities exchange, the Company shall have delivered to the Trustee and the Defeasance Agent, if any, an Opinion of Counsel to the effect that the exercise of the option under this Section 11.05 would not cause such Securities to be delisted from such exchange;

(3) no Default or Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit; and

(4) the Company shall have delivered to the Trustee and the Defeasance Agent, if any, an Opinion of Counsel to the effect that holders of the Securities will not recognize income, gain or loss for United States federal income tax purposes as a result of the exercise of the option under this Section 11.05 and will be subject to United States federal income tax on the same amount and in the same manner and at the same times as would have been the case if such option had not been exercised, and such opinion shall be based on a statute so providing or be accompanied by a private letter ruling to that effect received from the United States Internal Revenue Service or a revenue ruling pertaining to a comparable form of transaction to that effect published by the United States Internal Revenue Service.

"Discharged" means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the Securities and to have satisfied all the obligations under this Indenture relating to the Securities (and the Trustee, at the expense of the Company, shall execute

proper instruments acknowledging the same), except (A) the rights of holders of Securities to receive, from the trust fund described in clause (1) above, payment of the principal of and the interest and premium, if any, on the Securities when such payments are due; (B) the Company's obligations with respect to the Securities under Sections 2.07, 2.08, 5.02 and 11.04; and (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder.

"Defeasance Agent" means another financial institution which is eligible to act as Trustee hereunder and which assumes all of the obligations of the Trustee necessary to enable the Trustee to act hereunder. In the event such a Defeasance Agent is appointed pursuant to this Section, the following conditions shall apply:

(1) The Trustee shall have approval rights over the document appointing such Defeasance Agent and the document setting forth such Defeasance Agent's rights and responsibilities;

(2) The Defeasance Agent shall provide verification to the Trustee acknowledging receipt of sufficient money and/or U. S. Government Obligations to meet the applicable conditions set forth in this Section 11.05.

ARTICLE XII

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

SECTION 12.01. Indenture and Securities Solely Corporate Obligations.

No recourse for the payment of the principal of or premium, if any, or interest on any Security, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture, or in any Security, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor Person to the Company, either directly or through the Company or any successor Person to the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Securities.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

SECTION 13.01. Successors.

All the covenants, stipulations, promises and agreements in this Indenture contained by the Company shall bind its successors and assigns whether so expressed or not.

SECTION 13.02. Official Acts by Successor Corporation.

Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

SECTION 13.03. Surrender of Company Powers.

The Company by instrument in writing executed by authority of 2/3 (two-thirds) of its Board of Directors and delivered to the Trustee may surrender any of the powers reserved to the Company, and thereupon such power so surrendered shall terminate both as to the Company, as the case may be, and as to any successor Person.

SECTION 13.04. Addresses for Notices, etc.

Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Securities on the Company may be given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee for the purpose) to the Company at 101 South Salina Street, Syracuse, New York 13202, Attention: Robert J. Berger, Senior Vice President, Treasurer and Chief Financial Officer. Any notice, direction, request or demand by any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the office of the Trustee, 101 Barclay Street, 21 West, New York, New York 10286, Attention: Corporate Trust Administration Department (unless another address is provided by the Trustee to the Company for such purpose). Any notice or communication to a Securityholder shall be mailed by first class mail to his or her address shown on the register kept by the Security Registrar.

SECTION 13.05. Governing Law.

This Indenture and each Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be governed by and construed in accordance

with the laws of said State, without regard to conflicts of laws principles thereof.

SECTION 13.06. Evidence of Compliance with Conditions Precedent.

Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that in the opinion of the signers all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture (except certificates delivered pursuant to Section 3.05) shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 13.07. Business Days.

In any case where the date of payment of principal of or premium, if any, or interest on the Securities will not be a Business Day, the payment of such principal of or premium, if any, or interest on the Securities need not be made on such date but may be made on the next succeeding Business Day (and without any interest or other payment in respect of such delay), except that if such next succeeding Business Day falls in the next succeeding calendar year, then such payment shall be made on the immediately preceeding Business Day, in each case with the same force and effect as if made on the date of payment and no interest shall accrue for the period from and after such date.

SECTION 13.08. Trust Indenture Act to Control.

If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such imposed duties shall control.

SECTION 13.09. Table of Contents, Headings, etc.

The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 13.10. Execution in Counterparts.

This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 13.11. Separability.

In case any one or more of the provisions contained in this Indenture or in the Securities shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture or of the Securities, but this Indenture and the Securities shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

SECTION 13.12. Assignment.

The Company will have the right at all times to assign any of its respective rights or obligations under this Indenture to a direct or indirect wholly owned Subsidiary of the Company, PROVIDED that, in the event of any such assignment, the Company will remain liable for all such obligations. Subject to the foregoing, the Indenture is binding upon and inures to the benefit of the parties thereto and their respective successors and assigns. This Indenture may not otherwise be assigned by the parties thereto.

SECTION 13.13. Acknowledgement of Rights.

The Company acknowledges that, with respect to any Securities held by OnBank Capital Trust or a trustee of such trust, if the Property Trustee of such Trust fails to enforce its rights under this Indenture as the holder of the Securities held as the assets of OnBank Capital Trust any holder of Capital Securities may institute legal proceedings directly against the Company to enforce such Property Trustee's rights under this Indenture without first instituting any legal proceedings against such Property Trustee or any other person or entity. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing and such event is attributable to the failure of the Company to pay principal of or premium, if any, or interest on the Securities when due, the Company acknowledges that a holder of Capital Securities may directly institute a proceeding for enforcement of payment to such holder of the principal of or premium, if any, or interest on the Securities having a principal

amount equal to the aggregate liquidation amount of the Capital Securities of such holder on or after the respective due date specified in the Securities.

ARTICLE XIV

Prepayment OF SECURITIES -- MANDATORY AND OPTIONAL SINKING FUND

SECTION 14.01. Special Event Prepayment.

If, prior to the Initial Optional Prepayment Date, a Special Event has occurred and is continuing then, notwithstanding Section 14.02(a) but subject to Section 14.02(c), the Company shall have the right, at any time within 90 days following the occurrence of such Special Event, upon (i) not less than 45 days written notice to the Trustee and (ii) not less than 30 days nor more than 60 days written notice to the Securityholders, to redeem the Securities, in whole (but not in part), at the Special Event Prepayment Price. Following a Special Event, the Company shall take such action as is necessary to promptly determine the Special Event Prepayment Price, including without limitation the appointment by the Company of a Quotation Agent. The Special Event Prepayment Price shall be paid prior to 12:00 noon, New York time, on the date of such redemption or such earlier time as the Company determines, PROVIDED that the Company shall deposit with the Trustee an amount sufficient to pay the Special Event Prepayment Price by 10:00 a.m., New York time, on the date such Special Event Prepayment Price is to be paid.

SECTION 14.02. Optional Prepayment by Company.

(a) Subject to the provisions of this Article XIV, the Company shall have the right to redeem the Securities, in whole or in part, from time to time, on or after the Initial Optional Prepayment Date, at the redemption prices set forth below (expressed as percentages of principal) plus, in each case, accrued and unpaid interest thereon (including Additional Interest and Compounded Interest, if any) to the applicable date of redemption (the "Optional Prepayment Price") if redeemed during the 12-month period beginning February 1 of the years indicated below.

Year	Percentage
2007	104.625%
2008	104.163%
2009	103.700%
2010	103.238%
2011	102.775%
2012	102.313%
2013	101.850%
2014	101.388%
2015	100.925%
2016	100.463%
2017 and thereafter	100.000%

If the Securities are only partially redeemed pursuant to this Section 14.02, the Securities will be redeemed PRO RATA or by lot or by any other method utilized by the Trustee; PROVIDED, that if at the time of redemption the Securities are registered as a Global Security, the Depositary shall determine, in accordance with its procedures, the principal amount of such Securities held by each holder of a Security to be redeemed. The Optional Prepayment Price shall be paid prior to 12:00 noon, New York time, on the date of such redemption or at such earlier time as the Company determines, PROVIDED that the Company shall deposit with the Trustee an amount sufficient to pay the Optional Prepayment Price by 10:00 a.m., New York time, on the date such Optional Prepayment Price is to be paid.

(b) Notwithstanding the first sentence of Section 14.02, upon the entry of an order for dissolution of the OnBank Capital Trust by a court of competent jurisdiction, the Securities thereafter will be subject to optional redemption, in whole only, but not in part, on or after February 1, 2007, at the optional redemption prices set forth in Section 14.02 and otherwise in accordance with this Article XIV.

(c) Any redemption of Securities pursuant to Section 14.01 or Section 14.02 shall be subject to the Company obtaining the prior approval of the Federal Reserve, if such approval is then required under applicable capital guidelines or policies of the Federal Reserve.

SECTION 14.03. No Sinking Fund.

The Securities are not entitled to the benefit of any sinking fund.

SECTION 14.04. Notice of Prepayment; Selection of Securities.

In case the Company shall desire to exercise the right to redeem all, or, as the case may be, any part of the Securities in accordance with their terms, it shall fix a date for redemption and shall mail a notice of such redemption at least 30 and not more than 60 days prior to the date fixed for redemption to

the holders of Securities so to be redeemed as a whole or in part at their last addresses as the same appear on the Security Register. Such mailing shall be by first class mail. The notice if mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the holder of any Security designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security.

Each such notice of redemption shall specify the CUSIP number of the Securities to be redeemed, the date fixed for redemption, the redemption price at which the Securities are to be redeemed (or the method by which such redemption price is to be calculated), the place or places of payment that payment will be made upon presentation and surrender of the Securities, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. If less than all the Securities are to be redeemed the notice of redemption shall specify the numbers of the Securities to be redeemed. In case any Security is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion thereof will be issued.

By 10:00 a.m. New York time on the redemption date specified in the notice of redemption given as provided in this Section, the Company will deposit with the Trustee or with one or more paying agents an amount of money sufficient to redeem on the redemption date all the Securities so called for redemption at the appropriate Prepayment Price, together with accrued interest to the date fixed for redemption.

The Company will give the Trustee notice not less than 45 days prior to the redemption date as to the aggregate principal amount of Securities to be redeemed and the Trustee shall select, in such manner as in its sole discretion it shall deem appropriate and fair, the Securities or portions thereof (in integral multiples of $1,000, except as otherwise set forth in the applicable form of Security) to be redeemed.

SECTION 14.05. Payment of Securities Called for Prepayment.

If notice of redemption has been given as provided in Section 14.04, the Securities or portions of Securities with respect to which such notice has been given shall become due and payable on the date and at the place or places stated in such notice at the applicable Prepayment Price, together with interest accrued to the date fixed for redemption (subject to the rights of holders of Securities on the close of business on a regular

record date in respect of an Interest Payment Date occurring on or prior to the redemption date), and on and after said date (unless the Company shall default in the payment of such Securities at the Prepayment Price, together with interest accrued to said date) interest on the Securities or portions of Securities so called for redemption shall cease to accrue. On presentation and surrender of such Securities at a place of payment specified in said notice, the said Securities or the specified portions thereof shall be paid and redeemed by the Company at the applicable Prepayment Price, together with interest accrued thereon to the date fixed for redemption (subject to the rights of holders of Securities on the close of business on a regular record date in respect of an Interest Payment Date occurring on or prior to the redemption date).

Upon presentation of any Security redeemed in part only, the Company shall execute and the Trustee shall authenticate and make available for delivery to the holder thereof, at the expense of the Company, a new Security or Securities of authorized denominations, in principal amount equal to the unredeemed portion of the Security so presented.

ARTICLE XV

SUBORDINATION OF SECURITIES

SECTION 15.01. Agreement to Subordinate.

The Company covenants and agrees, and each holder of Securities issued hereunder likewise covenants and agrees, that the Securities shall be issued subject to the provisions of this Article XV; and each holder of a Security, whether upon original issue or upon transfer or assignment thereof, accepts and agrees to be bound by such provisions.

The payment by the Company of the principal of, premium, if any, and interest on all Securities issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and junior in right of payment to all Senior Indebtedness, whether outstanding at the date of this Indenture or thereafter incurred.

No provision of this Article XV shall prevent the occurrence of any Default or Event of Default hereunder.

SECTION 15.02. Default on Senior Indebtedness.

In the event and during the continuation of any default by the Company in the payment of principal, premium, interest or any other payment due on any Senior Indebtedness, or in the event that the maturity of any Senior Indebtedness has been accelerated because of a default, then, in either case, no payment shall be made by the Company with respect to the principal (including redemption payments) of or premium, if any, or interest on the Securities.

In the event of the acceleration of the maturity of the Securities, then no payment shall be made by the Company with respect to the principal (including redemption payments) of or premium, if any, or interest on the Securities until the holders of all Senior Indebtedness outstanding at the time of such acceleration shall receive payment in full of such Senior Indebtedness (including any amounts due upon acceleration).

In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee when such payment is prohibited by the preceding paragraphs of this Section 15.02, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Indebtedness may have been issued, as their respective interests may appear, but only to the extent that the holders of the Senior Indebtedness (or their representative or representatives or a trustee) notify the Trustee in writing, within 90 days of such payment of the amounts then due and owing on such Senior

Indebtedness and only the amounts specified in such notice to the Trustee shall be paid to the holders of such Senior Indebtedness.

SECTION 15.03. Liquidation; Dissolution; Bankruptcy.

Upon any payment by the Company or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding-up or liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all Senior Indebtedness of the Company shall first be paid in full, or payment thereof provided for in money in accordance with its terms, before any payment is made by the Company on account of the principal (and premium, if any) or interest on the Securities; and upon any such dissolution or winding-up or liquidation or reorganization, any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Securityholders or the Trustee would be entitled to receive from the Company, except for the provisions of this Article XV, shall be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Securityholders or by the Trustee under the Indenture if received by them or it, directly to the holders of Senior Indebtedness of the Company (PRO RATA to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders, as calculated by the Company) or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing such Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all such Senior Indebtedness in full, in money or money's worth, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness, before any payment or distribution is made to the Securityholders or to the Trustee.

In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, prohibited by the foregoing, shall be received by the Trustee before all Senior Indebtedness is paid in full, or provision is made for such payment in money in accordance with its terms, such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of such Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing such Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by the Company, for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay all such Senior Indebtedness in full in money in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the benefit of the holders of such Senior Indebtedness.

For purposes of this Article XV, the words "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article XV with respect to the Securities to the payment of Senior Indebtedness that may at the time be outstanding, provided that (i) such Senior Indebtedness is assumed by the new corporation, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of such Senior Indebtedness are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the sale, conveyance, transfer or lease of its property as an entirety, or substantially as an entirety, to another Person upon the terms and conditions provided for in Article X of this Indenture shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 15.03 if such other Person shall, as a part of such consolidation, merger, sale, conveyance, transfer or lease, comply with the conditions stated in Article X of this Indenture. Nothing in Section 15.02 or in this Section 15.03 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 6.05 of this Indenture.

SECTION 15.04. Subrogation.

Subject to the payment in full of all Senior Indebtedness, the rights of the Securityholders shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company, as the case may be, applicable to such Senior Indebtedness until the principal of (and premium, if any) and interest on the Securities shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of such Senior Indebtedness of any cash, property or securities to which the Securityholders or the Trustee would be entitled except for the provisions of this Article XV, and no payment over pursuant to the provisions of this Article XV to or for the benefit of the holders of such Senior Indebtedness by Securityholders or the Trustee, shall, as between the Company, its creditors other than holders of Senior Indebtedness of the Company, and the holders of the Securities, be deemed to be a payment by the Company to or on account of such Senior Indebtedness. It is understood that the provisions of this Article XV are and are intended solely for the purposes of defining the relative rights of the holders of the Securities, on the one hand, and the holders of such Senior Indebtedness on the other hand.

Nothing contained in this Article XV or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness of the Company, and the holders of the Securities, the obligation of the Company, which is absolute

and unconditional, to pay to the holders of the Securities the principal of (and premium, if any) and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the holders of the Securities and creditors of the Company, as the case may be, other than the holders of Senior Indebtedness of the Company, as the case may be, nor shall anything herein or therein prevent the Trustee or the holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under the Indenture, subject to the rights, if any, under this Article XV of the holders of such Senior Indebtedness in respect of cash, property or securities of the Company, as the case may be, received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article XV, the Trustee, subject to the provisions of Article VI of this Indenture, and the Securityholders shall be entitled to conclusively rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidation trustee, agent or other Person making such payment or distribution, delivered to the Trustee or to the Securityholders, for the purposes of ascertaining the Persons entitled to participate in such distribution, the holders of Senior Indebtedness and other indebtedness of the Company, as the case may be, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article XV.

SECTION 15.05. Trustee to Effectuate Subordination.

Each Securityholder by such Securityholder's acceptance thereof authorizes and directs the Trustee on such Securityholder's behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article XV and appoints the Trustee such Securityholder's attorney-in-fact for any and all such purposes.

SECTION 15.06. Notice by the Company.

The Company shall give prompt written notice to a Responsible Officer of the Trustee of any fact known to the Company that would prohibit the making of any payment of monies to or by the Trustee in respect of the Securities pursuant to the provisions of this Article XV. Notwithstanding the provisions of this Article XV or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment of monies to or by the Trustee in respect of the Securities pursuant to the provisions of this Article XV, unless and until a Responsible Officer of the Trustee shall have received written notice thereof from the Company or a holder or holders of Senior Indebtedness or from any trustee therefor; and before the receipt of any such

written notice, the Trustee, subject to the provisions of Article VI of this Indenture, shall be entitled in all respects to assume that no such facts exist; PROVIDED, HOWEVER, that if the Trustee shall not have received the notice provided for in this Section 15.06 at least two Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (or premium, if any) or interest on any Security), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purposes for which they were received, and shall not be affected by any notice to the contrary that may be received by it within two Business Days prior to such date.

The Trustee, subject to the provisions of Article VI of this Indenture, shall be entitled to conclusively rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness of the Company (or a trustee on behalf of such holder), as the case may be, to establish that such notice has been given by a holder of such Senior Indebtedness or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of such Senior Indebtedness to participate in any payment or distribution pursuant to this Article XV, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article XV, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Upon any payment or distribution of assets of the Company referred to in this Article XV, the Trustee and the Securityholders shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Securityholders, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article XV.

SECTION 15.07. Rights of the Trustee; Holders of Senior Indebtedness.

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article XV in respect of any Senior Indebtedness at any time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior Indebtedness of the Company, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article XV, and no implied covenants or obligations with respect to the holders of such Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of such Senior Indebtedness and, subject to the provisions of Article VI of this Indenture, the Trustee shall not be liable to any holder of such Senior Indebtedness if it shall pay over or deliver to Securityholders, the Company or any other Person money or assets to which any holder of such Senior Indebtedness shall be entitled by virtue of this Article XV or otherwise.

Nothing in this Article XV shall apply to claims of, or payments to, the Trustee under or pursuant to Section 6.06.

SECTION 15.08. Subordination May Not Be Impaired.

No right of any present or future holder of any Senior Indebtedness of the Company to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company, as the case may be, or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company, as the case may be, with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof that any such holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness of the Company may, at any time and from time to time, without the consent of or notice to the Trustee or the Securityholders, without incurring responsibility to the Securityholders and without impairing or releasing the subordination provided in this Article XV or the obligations hereunder of the holders of the Securities to the holders of such Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, such Senior Indebtedness, or otherwise amend or supplement in any manner such Senior Indebtedness or any instrument evidencing the same or any agreement under which such Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing such Senior

Indebtedness; (iii) release any Person liable in any manner for the collection of such Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against the Company, as the case may be, and any other Person.

ARTICLE XVI

EXTENSION OF INTEREST PAYMENT PERIOD

SECTION 16.01. Extension of Interest Payment Period.

So long as no Event of Default has occurred and is continuing, the Company shall have the right, at any time and from time to time during the term of the Securities, to defer payments of interest by extending the interest payment period of such Securities for a period not exceeding 10 consecutive semi-annual periods, including the first such semi-annual period during such extension period (the "Extended Interest Payment Period"), during which Extended Interest Payment Period no interest shall be due and payable; PROVIDED THAT no Extended Interest Payment Period shall end on a date other than an Interest Payment Date or extend beyond the Maturity Date. To the extent permitted by applicable law, interest, the payment of which has been deferred because of the extension of the interest payment period pursuant to this Section 16.01, will bear interest thereon at the Coupon Rate compounded semi-annually for each semi-annual period of the Extended Interest Payment Period ("Compounded Interest"). At the end of the Extended Interest Payment Period, the Company shall pay all interest accrued and unpaid on the Securities, including any Additional Interest and Compounded Interest (together, "Deferred Interest") that shall be payable to the holders of the Securities in whose names the Securities are registered in the Security Register on the first record date preceding the end of the Extended Interest Payment Period. Before the termination of any Extended Interest Payment Period, the Company may further defer payments of interest by further extending such period, PROVIDED that such period, together with all such previous and further extensions within such Extended Interest Payment Period, shall not exceed 10 consecutive semi-annual periods, including the first such semi-annual period during such Extended Interest Payment Period, end on a date other than an Interest Payment Date or extend beyond the Maturity Date of the Securities. Upon the termination of any Extended Interest Payment Period and the payment of all Deferred Interest then due, the Company may commence a new Extended Interest Payment Period, subject to the foregoing requirements. No interest shall be due and payable during an Extended Interest Payment Period, except at the end thereof, but the Company may prepay at any time all or any portion of the interest accrued during an Extended Interest Payment Period.

SECTION 16.02. Notice of Extension.

(a) If the Property Trustee is the only registered holder of the Securities at the time the Company selects an Extended Interest Payment Period, the Company shall give written notice to the Administrative Trustees, the Property Trustee and the Trustee of its selection of such Extended Interest Payment Period five Business Days before the earlier of (i) the next succeeding date on which Distributions on the Trust Securities issued by OnBank Capital Trust are payable, or (ii) the date the Trust is required to give notice of the record date, or the date such Distributions are payable, to any national securities exchange or to holders of the Capital Securities issued by the Trust, but in any event at least five Business Days before such record date.

(b) If the Property Trustee is not the only holder of the Securities at the time the Company selects an Extended Interest Payment Period, the Company shall give the holders of the Securities and the Trustee written notice of its selection of such Extended Interest Payment Period at least 10 Business Days before the earlier of (i) the next succeeding Interest Payment Date, or (ii) the date the Company is required to give notice of the record or payment date of such interest payment to any national securities exchange.

(c) The semi-annual period in which any notice is given pursuant to paragraphs (a) or (b) of this Section 16.02 shall be counted as one of the 10 semi-annual periods permitted in the maximum Extended Interest Payment Period permitted under Section 16.01.

The Bank of New York hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed by their respective officers thereunto duly authorized, as of the day and year first above written.

ONBANCORP, INC.

By /s/ Robert J. Berger

Name: Robert J. Berger
Title: Chief Financial Officer

THE BANK OF NEW YORK,
as Trustee

By /s/ Vivian Georges

Name: Vivian Georges
Title: Assistant Vice President

EXHIBIT A

(FORM OF FACE OF SECURITY)

[IF THE SECURITY IS A GLOBAL SECURITY, INSERT: - THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS THREE YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY "AFFILIATE" OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (2), (3) OR (7) OF RULE

501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, SUBJECT TO THE RIGHT OF THE COMPANY PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY, AND (ii) PURSUANT TO CLAUSE (E), TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEREE TO THE COMPANY. SUCH HOLDER FURTHER AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

No. CUSIP No. _____

ONBANCORP, INC.

[ ]% SERIES ___ JUNIOR SUBORDINATED DEFERRABLE INTEREST DEBENTURE
DUE _____, 2027

ONBANCorp, Inc., a Delaware corporation (the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars on _____, 2027 (the "Maturity Date"), unless previously redeemed, and to pay interest on the outstanding principal amount hereof from _____, 1997, or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, semi-annually (subject to deferral as set forth herein) in arrears on _____ and _____ of each year, commencing _____, 1997, at the rate of [ ]% per annum until the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (without duplication and to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum compounded semi-annually. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months and, for any period less than a full calendar month, the number of days elapsed in such month. In the event that any date on which the principal of (or premium, if any) or interest on this Security is payable is not a Business Day, then the payment payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that if such next succeeding Business Day falls in the next calendar year, then such payment shall be made on the immediately preceding Business Day in each case with the same force and effect as if made on such date. Pursuant to the Indenture, in certain circumstances the Company will be required to pay Additional Interest (as defined in the Indenture) with respect to this Security. Pursuant to the Registration Rights Agreement, in certain limited circumstances the Company will be required to pay liquidated damages (as set forth in the Registration Rights Agreement) with respect to this Security.

The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Security (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the regular record date for such interest installment, which shall be the first day of the month in which the relevant interest payment date falls. Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the holders on such regular record date and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a special record date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the holders of Securities not less than

10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The principal of (and premium, if any) and interest on this Security shall be payable at the office or agency of the Trustee maintained for that purpose in any coin or currency of the United States of America that at the time of payment is legal tender for payment of public and private debts; PROVIDED, HOWEVER, that, payment of interest may be made at the option of the Company by (i) check mailed to the holder at such address as shall appear in the Security Register or (ii) by transfer to an account maintained by the Person entitled thereto, provided that proper written transfer instructions have been received by the relevant record date. Notwithstanding the foregoing, so long as the Holder of this Security is the Property Trustee, the payment of the principal of (and premium, if any) and interest on this Security will be made at such place and to such account as may be designated by the Property Trustee.

The indebtedness evidenced by this Security is, to the extent provided in the Indenture, subordinate and junior in right of payment to the prior payment in full of all Senior Indebtedness, and this Security is issued subject to the provisions of the Indenture with respect thereto. Each holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his or her attorney-in-fact for any and all such purposes. Each holder hereof, by his or her acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior Indebtedness, whether now outstanding or hereafter incurred, and waives reliance by each such holder upon said provisions.

This Security shall not be entitled to any benefit under the Indenture hereinafter referred to, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

The provisions of this Security are continued on the reverse side hereof and such provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Company has executed this certificate this 4th day of February, 1997.

OnBank Capital Trust I

By:

Name:
Title:

Attest:

By:

Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

Dated: February 4, 1997

THE BANK OF NEW YORK,
as Trustee

By

Authorized Signatory

(FORM OF REVERSE OF SECURITY)

This Security is one of the Securities of the Company (herein sometimes referred to as the "Securities"), specified in the Indenture, all issued or to be issued under and pursuant to an Indenture, dated as of February 4, 1997 (the "Indenture"), duly executed and delivered between the Company and The Bank of New York, as Trustee (the "Trustee"), to which Indenture reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Securities.

Upon the occurrence and continuation of a Special Event prior to _____, 2007 (the "Initial Optional Prepayment Date"), the Company shall have the right, at any time within 90 days following the occurrence of such Special Event, to redeem this Security in whole (but not in part) at the Special Event Prepayment Price. "Special Event Prepayment Price" shall mean, with respect to any prepayment of the Securities following a Special Event, an amount in cash equal to the greater of (i) 100% of the principal amount of the securities to be redeemed or (ii) the sum, as determined by a Quotation Agent, of the present values of the principal amount and premium payable with respect to an Optional Prepayment (as defined below) of this Security on the Initial Optional Prepayment Date, together with scheduled payments of interest on this Security from the prepayment date to and including the Initial Optional Prepayment Date, discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus, in the case of each of clauses (i) and (ii), any accrued but unpaid interest thereon, including Compounded Interest and Additional Interest, if any, to the date of such prepayment.

In addition, the Company shall have the right to redeem this Security, in whole or in part, at any time on or after the Initial Optional Prepayment Date (an "Optional Prepayment"), at the prepayment prices set forth below (expressed as percentages of principal to be redeemed) plus, in each case, accrued and unpaid interest thereon (including Additional Interest and Compounded Interest, if any) to the applicable date of prepayment (the "Optional Prepayment Price") if redeemed during the 12-month period beginning _____ of the years indicated below.

Year	Percentage
2007	%
2008	%
2009	%
2010	%
2011	%
2012	%
2013	%
2014	%

2015	%
2016	%
2017 and thereafter	100.000%

The Optional Prepayment Price or the Special Event Prepayment Price, as the case requires, shall be paid prior to 12:00 noon, New York time, on the date of such prepayment or at such earlier time as the Company determines, provided, that the Company shall deposit with the Trustee an amount sufficient to pay the applicable Prepayment Price by 10:00 a.m., New York City time, on the date such Prepayment Price is to be paid. Any redemption pursuant to this paragraph will be made upon not less than 30 days nor more than 60 days notice. If the Securities are only partially prepayment by the Company pursuant to an Optional Prepayment, the Securities will be prepaid PRO RATA or by lot or by any other method utilized by the Trustee; PROVIDED that if, at the time of prepayment, the Securities are registered as a Global Security, the Depositary shall determine the particular Securities to be redeemed in accordance with its procedures.

In the event of prepayment of this Security in part only, a new Security or Securities for the unrepaid portion hereof will be issued in the name of the holder hereof upon the cancellation hereof.

Notwithstanding the foregoing, any prepayment of Securities by the Company shall be subject to the prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve"), if such approval is then required under capital guidelines or policies of the Federal Reserve.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of all of the Securities may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of a majority in aggregate principal amount of the Securities at the time outstanding, as defined in the Indenture, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the holders of the Securities; provided, however, that no such supplemental indenture shall, without the consent of each holder of Securities then outstanding and affected thereby, (i) extend the Maturity Date of any Securities, or reduce the principal amount thereof, or reduce any amount payable on prepayment thereof, or reduce the rate or extend the time of payment of interest thereon (subject to Article XVI of the Indenture), or make the principal of, or interest or premium on, the Securities payable in any coin or currency other than U.S. dollars, or impair or affect the right of any holder of Securities to institute suit for the payment thereof, or (ii) reduce the aforesaid percentage of Securities, the holders of which

are required to consent to any such supplemental indenture. The Indenture also contains provisions permitting the holders of a majority in aggregate principal amount of the Securities at the time outstanding affected thereby, on behalf of all of the holders of the Securities, to waive any past default in the performance of any of the covenants contained in the Indenture, or established pursuant to the Indenture, and its consequences, except a default in the payment of the principal of or premium, if any, or interest on any of the Securities or a default in respect of any covenant or provision under which the Indenture cannot be modified or amended without the consent of each holder of Securities then outstanding. Any such consent or waiver by the holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future holders and owners of this Security and of any Security issued in exchange herefor or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Security at the time and place and at the rate and in the money herein prescribed.

So long as no Event of Default shall have occurred and be continuing, the Company shall have the right, at any time and from time to time during the term of the Securities, to defer payments of interest by extending the interest payment period of such Securities for a period not exceeding 10 consecutive semi-annual periods, including the first such semi-annual period during such extension period, and not extending beyond the Maturity Date of the Securities (an "Extended Interest Payment Period"), or ending on a date other than an Interest Payment Date, at the end of which period the Company shall pay all interest then accrued and unpaid (together with interest thereon at the rate specified for the Securities to the extent that payment of such interest is enforceable under applicable law). Before the termination of any such Extended Interest Payment Period, the Company may further defer payments of interest by further extending such Extended Interest Payment Period, PROVIDED that such Extended Interest Payment Period, together with all such previous and further extensions within such Extended Interest Payment Period, (i) shall not exceed 10 consecutive semi-annual periods, including the first semi-annual period during such Extended Interest Payment Period, (ii) shall not end on any date other than an Interest Payment Date, and (iii) shall not extend beyond the Maturity Date of the Securities. Upon the termination of any such Extended Interest Payment Period and the payment of all accrued and unpaid interest and any additional amounts then due, the Company may commence a new Extended Interest Payment Period, subject to the foregoing requirements.

The Company has agreed that it will not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Company's capital stock (which includes common and preferred stock) or (ii) make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any debt securities of the Company that rank PARI PASSU with or junior in right of payment to the Securities or (iii) make any guarantee payments with respect to any guarantee by the Company of the debt securities or any Subsidiary of the Company (including any other Guarantees) if such guarantee ranks PARI PASSU or junior in right of payment to the Securities (other than (a) dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, Common Stock of the Company, (b) any declaration of a dividend in connection with the implementation of a stockholder's rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto, (c) payments under the Series A Capital Securities Guarantee, (d) as a result of a reclassification of the Company's capital stock or the exchange or the conversion of one class or series of the Company's capital stock, for another class or series of the Company's capital stock, (e) the purchase of fractional interests in shares of the Company's capital stock pursuant to the exchange or conversion of such capital stock or the security being exchanged or converted, and (f) purchases of Common Stock related to the issuance of Common Stock or rights under any of the Company's benefit plans for its directors, officers or employees or any of the Company's dividend reinvestment plans) if at such time (i) there shall have occurred any event of which the Company has actual knowledge that (a) is or, with the giving of notice or the lapse of time, or both, would be, an Event of Default and (b) in respect of which the Company shall not have taken reasonable steps to cure, (ii) if the Securities are held by OnBank Capital Trust, the Company shall be in default with respect to its payment obligations under the Capital Securities Guarantee or (iii) the Company shall have given notice of its election of the exercise of its right to extend the interest payment period and any such extension shall be continuing.

Subject to (i) the prior approval of the Federal Reserve if such approval is then required under capital guidelines or policies of the Federal Reserve, and (ii) the receipt by the Company of an opinion of counsel to the effect that such distribution will not be a taxable event to holders of Capital Securities, the Company will have the right at any time to liquidate the OnBank Capital Trust and cause the Securities to be distributed to the holders of the Trust Securities in liquidation of the Trust.

The Securities are issuable only in registered form without coupons in denominations of $1,000.00 and any integral multiple thereof. As provided in the Indenture and subject to the transfer restrictions limitations as may be contained herein and therein from time to time, this Security is transferable by the holder hereof on the Security Register of the Company, upon surrender of this Security for registration of transfer at the

office or agency of the Company in the City and State of New York accompanied by a written instrument or instruments of transfer in form satisfactory to the Company or the Trustee duly executed by the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of authorized denominations and for the same aggregate principal amount and series will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to due presentment for registration of transfer of this Security, the Company, the Trustee, any authenticating agent, any paying agent, any transfer agent and the registrar may deem and treat the holder hereof as the absolute owner hereof (whether or not this Security shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Security Registrar) for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and (subject to the Indenture) interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any authenticating agent nor any paying agent nor any transfer agent nor any registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Security, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Company or of any predecessor or successor Person, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

All terms used in this Security that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THE INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAW PROVISIONS THEREOF.

EXHIBIT 4.17

SUPPLEMENTAL INDENTURE

This Supplemental Indenture is made as of December 17, 1999 by and between Olympia Financial Corp., a Delaware corporation, and The Bank of New York, a New York banking corporation.

WITNESSETH

WHEREAS, ONBANCorp, Inc., predecessor in interest to Olympia Financial Corp., and The Bank of New York, as trustee, (in such capacity, the "Indenture Trustee") previously entered into an Indenture dated as of February 4, 1997 (the "Indenture") to provide for the issuance from time to time of unsecured junior subordinated debt securities in series; and

WHEREAS, ONBANCorp, Inc. has been merged with and into Olympia Financial Corp.; and

WHEREAS, the Administrators of OnBank Capital Trust I have changed the name of that trust to "M&T Capital Trust III;" and

WHEREAS, Olympia Financial Corp and the Indenture Trustee desire to amend the Indenture to provide for the change of the name of ONBANCorp, Inc. to "Olympia Financial Corp."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Indenture, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Indenture.

1.2. The words "ONBANCorp, Inc." are hereby amended to read "Olympia Financial Corp." in each place they appear in the Indenture.

1.4. The words "OnBank Capital Trust I" are hereby amended to read "M&T Capital Trust III" in each place they appear in the Indenture.

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Indenture shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Indenture shall remain in full force and effect. References in the Indenture to "this Indenture" shall be deemed to be references to the Indenture as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Indenture and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

OLYMPIA FINANCIAL CORP.

By: /S/ Michael P. Pinto

Michael P. Pinto
Chairman of the Board and President

THE BANK OF NEW YORK
as Trustee, and not in its individual capacity

By: /S/ Iliana A. Arciprete

Iliana A. Arciprete
Assistant Treasurer

EXHIBIT 4.18

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COMMON SECURITIES GUARANTEE AGREEMENT

ONBANCorp, Inc.

Dated as of February 4, 1997

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COMMON SECURITIES GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT (the "Common Securities Guarantee"), dated as of February 4, 1997, is executed and delivered by ONBANCorp, Inc., a Delaware corporation (the "Guarantor"), for the benefit of the Holders (as defined herein) from time to time of the Common Securities (as defined herein) of OnBank Capital Trust I, a Delaware business trust (the "Issuer").

WHEREAS, pursuant to an Amended and Restated Declaration of Trust (the "Declaration"), dated as of February 4, 1997, among the Trustees of the Issuer named therein, the Guarantor, as sponsor, and the holders from time to time of undivided beneficial interests in the assets of the Issuer, the Issuer is issuing on the date hereof 1,856 common securities designated the 9.25% Common Securities (the "Common Securities"), having an aggregate stated liquidation amount of $1,856,000;

WHEREAS, as incentive for the Holders to purchase the Common Securities, the Guarantor desires to irrevocably and unconditionally agree, to the extent set forth in this Common Securities Guarantee, to pay to the Holders the Guarantee Payments (as defined herein) and to make certain other payments on the terms and conditions set forth herein; and

WHEREAS, the Guarantor is also executing and delivering a guarantee agreement (the "Series A Capital Securities Guarantee") for the benefit of the holders of the Series A Capital Securities (as defined in the Declaration) and upon consummation of the Exchange Offer (as defined in the Declaration) will execute and deliver a guarantee agreement (the "Series B Capital Securities Guarantee") for the benefit of the holders of the Series B Capital Securities (as defined in the Declaration), each in substantially identical terms to this Common Securities Guarantee, except that if an Event of Default (as defined in the Declaration) has occurred and is continuing, the rights of Holders to receive Guarantee Payments under this Common Securities Guarantee are subordinated to the rights of holders of Capital Securities to receive Guarantee Payments under the Series A Capital Securities Guarantee and the Series B Capital Securities Guarantee, as the case may be.

NOW, THEREFORE, in consideration of the purchase by each Holder, which purchase the Guarantor hereby acknowledges shall benefit the Guarantor, the Guarantor executes and delivers this Common Securities Guarantee for the benefit of the Holders.

ARTICLE I
DEFINITIONS AND INTERPRETATION

SECTION 1.1. DEFINITIONS INTERPRETATION

In this Common Securities Guarantee, unless the context otherwise requires:

(a) Capitalized terms used in this Common Securities Guarantee but not defined in the preamble above have the respective meanings assigned to them in this Section 1.1;

(b) Terms defined in the Declaration as at the date of execution of this Common Securities Guarantee have the same meaning when used in this Common Securities Guarantee unless otherwise defined in this Common Securities Guarantee;

(c) a term defined anywhere in this Common Securities Guarantee has the same meaning throughout;

(d) all references to "the Common Securities Guarantee" or "this Common Securities Guarantee" are to this Common Securities Guarantee as modified, supplemented or amended from time to time;

(e) all references in this Common Securities Guarantee to Articles and Sections are to Articles and Sections of this Common Securities Guarantee unless otherwise specified; and

(f) a reference to the singular includes the plural and vice versa.

"Guarantee Payments" means the following payments or distributions, without duplication, with respect to the Common Securities, to the extent not paid or made by the Issuer: (i) any accrued and unpaid Distributions that are required to be paid on such Common Securities to the extent the Issuer has funds on hand legally available therefor at such time, (ii) the redemption price, including all accrued and unpaid Distributions to the date of redemption (the "Redemption Price") to the extent the Issuer has funds on hand legally available therefor at such time, with respect to any Common Securities called for redemption by the Issuer, and (iii) upon a voluntary or involuntary termination and liquidation of the Issuer (other than in connection with the distribution of Debentures to the Holders in exchange for Common Securities as provided in the Declaration), the lesser of (a) the aggregate of the liquidation amount and all accumulated and unpaid Distributions on the Common Securities to the date of payment, to the extent the Issuer has funds on hand legally available therefor, and (b) the amount of assets of the Issuer remaining available for distribution to Holders in liquidation of the

Issuer (in either case, the "Liquidation Distribution"). If an Event of Default has occurred and is continuing, no Guarantee Payments with respect to the Common Securities shall be made until holders of Capital Securities shall be paid in full the Guarantee Payments to which they are entitled under the Series A Capital Securities Guarantee and the Series B Capital Securities Guarantee.

"Holder" means any holder, as registered on the books and records of the Issuer, of any Common Securities.

"Other Guarantees" means all guarantees to be issued by the Guarantor with respect to common securities (if any) similar to the Common Securities issued by other trusts to be established by the Guarantor (if any), in each case similar to the Issuer.

ARTICLE II
GUARANTEE

SECTION 2.1. GUARANTEE

The Guarantor irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (without duplication of amounts theretofore paid by the Issuer), as and when due, regardless of any defense, right of set-off or counter-claim which the Issuer may have or assert. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing the Issuer to pay such amounts to the Holders.

SECTION 2.2. WAIVER OF NOTICE AND DEMAND

The Guarantor hereby waives notice of acceptance of this Common Securities Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Issuer or any other Person before proceeding against the Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 2.3. OBLIGATIONS NOT AFFECTED

The obligations, covenants, agreements and duties of the Guarantor under this Common Securities Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of

any express or implied agreement, covenant, term or condition relating to the Common Securities to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or any portion of the Distributions, Redemption Price, Liquidation Distribution or any other sums payable under the terms of the Common Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Common Securities (other than an extension of time for payment of Distributions, Redemption Price, Liquidation Distribution or other sum payable that results from the extension of any interest payment period on the Debentures permitted by the Indenture);

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Common Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in, the Common Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

(g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 2.3 that the obligations of the Guarantor with respect to the Guarantee Payments shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

SECTION 2.4. RIGHTS OF HOLDERS

The Guarantor expressly acknowledges that any Holder may institute a legal proceeding directly against the Guarantor to enforce its rights under this Common Securities Guarantee,

without first instituting a legal proceeding against the Issuer or any other Person.

SECTION 2.5. GUARANTEE OF PAYMENT

This Common Securities Guarantee creates a guarantee of payment and not of collection.

SECTION 2.6. SUBROGATION

The Guarantor shall be subrogated to all (if any) rights of the Holders against the Issuer in respect of any amounts paid to such Holders by the Guarantor under this Common Securities Guarantee; PROVIDED, HOWEVER, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Common Securities Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Common Securities Guarantee. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

SECTION 2.7. INDEPENDENT OBLIGATIONS

The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Common Securities and that the Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Common Securities Guarantee notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 2.3 hereof.

ARTICLE III
LIMITATION OF TRANSACTIONS; SUBORDINATION

SECTION 3.1. LIMITATION OF TRANSACTIONS

So long as any Common Securities remain outstanding, the Guarantor will not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of the Guarantor's capital stock (which includes common stock and preferred stock) or (ii) make any payment of principal of, or premium, if any, or interest on or repay, repurchase or redeem any debt securities of the Guarantor (including Other Debentures) that rank PARI PASSU with or junior in right of payment to the Debentures or (iii) make any guarantee payments with respect to any guarantee by the Guarantor of the debt securities of any subsidiary of the

Guarantor (including under Other Guarantees) if such guarantee ranks PARI PASSU with or junior in right of payment to the Debentures (other than (a) dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, common stock of the Guarantor, (b) any declaration of a dividend in connection with the implementation of a stockholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto, (c) payments under the Capital Securities Guarantee, (d) as a result of a reclassification of the Guarantor's capital stock or the exchange or the conversion of one class or series of the Guarantor's capital stock for another class or series of the Guarantor's capital stock, (e) the purchase of fractional interests in shares of the Guarantor's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged, and (f) purchases of common stock related to the issuance of common stock or rights under any of the Guarantor's benefit plans for its directors, officers or employees or any of the Guarantor's dividend reinvestment plans) if at such time (i) there shall have occurred any event of which the Guarantor has actual knowledge that (a) is, or with the giving of notice or the lapse of time, or both, would be, an Event of Default and (b) in respect of which the Guarantor shall not have taken reasonable steps to cure, (ii) if such Debentures are held by the Property Trustee, the Guarantor shall be in default with respect to its payment of any obligations under the Capital Securities Guarantee or (iii) the Guarantor shall have given notice of its election of the exercise of its right to extend the interest payment period pursuant to Section 16.01 of the Indenture and any such extension shall be continuing.

SECTION 3.2. RANKING

This Common Securities Guarantee will constitute an unsecured obligation of the Guarantor and will rank (i) subordinate and junior in right of payment to Senior indebtedness (as defined in the Indenture), to the same extent and in the same manner that the Debentures are subordinated to Senior Indebtedness pursuant to the Indenture, (ii) PARI PASSU with the Debentures, the Other Debentures and with any Other Guarantee, and (iii) senior to the Guarantor's capital stock.

ARTICLE IV
TERMINATION

SECTION 4.1. TERMINATION

This Common Securities Guarantee shall terminate (i) upon full payment of the Redemption Price of all Common Securities, (ii) upon the distribution of all of the Debentures to all

the Holders and the holders of the Capital Securities or (iii) upon full payment of the amounts payable in accordance with the Declaration upon liquidation of the Issuer. Notwithstanding the foregoing, this Common Securities Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any Holder must restore payment of any sums paid under the Common Securities or under this Common Securities Guarantee.

ARTICLE V
MISCELLANEOUS

SECTION 5.1. SUCCESSORS AND ASSIGNS

All guarantees and agreements contained in this Common Securities Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders then outstanding.

SECTION 5.2. AMENDMENTS

Except with respect to any changes which do not adversely affect the rights of Holders (in which case no consent of Holders will be required), this Common Securities Guarantee may only be amended with the prior approval of the Holders of at least a majority in liquidation amount of all the outstanding Common Securities. The provisions of Section 12.2 of the Declaration with respect to meetings of holders of the Securities apply to the giving of such approval.

SECTION 5.3. NOTICES

All notices provided for in this Common Securities Guarantee shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows:

(a) if given to the Issuer, in care of the Administrative Trustee at the Issuer's mailing address set forth below (or such other address as the Issuer may give notice of to the Holders):

OnBank Capital Trust I
c/o ONBANCorp, Inc.
101 South Salina Street
P.O. Box 4983
Syracuse, New York 13221-4983
Attention: William M. LeBeau
Administrative Trustee
Telecopy: (315) 424-5951

(b) if given to the Guarantor, at the Guarantor's mailing address set forth below (or such other address as the Guarantor may give notice to the Holders):

ONBANCorp, Inc.
101 South Salina Street
Syracuse, New York 13221-4983
Attention: Robert J. Berger
Telecopy: (315) 424-5951

(c) if given to any Holder, at the address set forth on the books and records of the Issuer.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 5.4. BENEFIT

This Common Securities Guarantee is solely for the benefit of the Holders and is not separately transferable from the Common Securities.

SECTION 5.5. GOVERNING LAW

THIS COMMON SECURITIES GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

THIS COMMON SECURITIES GUARANTEE is executed as of the day and year first above written.

ONBANCORP, INC.

By: /s/ ROBERT J. BERGER

Name: Robert J. Berger
Title: Senior Vice President,
Treasurer & Chief
Financial Officer

EXHIBIT 4.19

AMENDMENT TO COMMON SECURITIES GUARANTEE AGREEMENT

This Amendment to Common Securities Guarantee Agreement (the "Amendment") is made as of December 17, 1999 by and between Olympia Financial Corp., a Delaware corporation, and The Bank of New York, a New York banking corporation.

WITNESSETH

WHEREAS, Olympia Financial Corp., successor by merger to ONBANCorp, Inc., (the "Guarantor"), and The Bank of New York, as trustee (in such capacity, the "Capital Securities Guarantee Trustee") previously entered into a Common Securities Guarantee Agreement dated as of February 4, 1997 (the "Guarantee Agreement") by which the Guarantor agreed to make certain payments to the Holders of Common Securities issued pursuant to an Amended and Restated Declaration of Trust dated as of February 4, 1997 by and between Guarantor, in its capacity as Sponsor, The Bank of New York, as property trustee, and The Bank of New York (Delaware), a Delaware banking corporation, as Delaware trustee; and

WHEREAS, ONBANCorp, Inc. has been merged with and into Olympia Financial Corp., a wholly owned subsidiary of M&T Bank Corporation, a New York corporation; and

WHEREAS, the Administrative Trustees of the Trust have changed the name of the Trust from "OnBank Capital Trust I" to "M&T Capital Trust III;" and

WHEREAS, the Guarantor and the Guarantee Trustee desire to amend the Guarantee Agreement to provide for the change of the Guarantor from "ONBANCorp, Inc." to "Olympia Financial Corp.," and the name of the Trust from "OnBank Capital Trust I" to "M&T Capital Trust III."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Guarantee Agreement, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Guarantee Agreement.

1.2. The definition of "Guarantor" in the preamble of the Guarantee Agreement is amended to mean Olympia Financial Corp., a Delaware corporation.

1.3. The definition of "Issuer" in the preamble of the Guarantee Agreement is amended to read "M&T Capital Trust III."

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Guarantee Agreement shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Guarantee Agreement shall remain in full force and effect. References in the Guarantee Agreement to "this Guarantee Agreement" shall be deemed to be references to the Guarantee Agreement as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Guarantee Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

OLYMPIA FINANCIAL CORP.

as Guarantor

By: /s/ Michael P. Pinto

Michael P. Pinto
Chairman of the Board and President

THE BANK OF NEW YORK
as Guarantee Trustee,
and not in its individual capacity

By: /s/ Iliana A. Arciprete

Iliana A. Arciprete
Assistant Treasurer

EXHIBIT 4.20

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SERIES A CAPITAL SECURITIES GUARANTEE AGREEMENT

ONBANCorp, Inc.

Dated as of February 4, 1997

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SERIES A CAPITAL SECURITIES GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT (the "Series A Capital Securities Guarantee"), dated as of February 4, 1997, is executed and delivered by ONBANCorp, Inc., a Delaware corporation (the "Guarantor"), and The Bank of New York, a New York banking corporation, as trustee (the "Capital Securities Guarantee Trustee"), for the benefit of the Holders (as defined herein) from time to time of the Series A Capital Securities (as defined herein) of OnBank Capital Trust I, a Delaware statutory business trust (the "Issuer").

WHEREAS, pursuant to an Amended and Restated Declaration of Trust (the "Declaration"), dated as of February 4, 1997, among the trustees of the Issuer, the Guarantor, as sponsor, and the holders from time to time of undivided beneficial interests in the assets of the Issuer, the Issuer is issuing on the date hereof 60,000 capital securities, having an aggregate liquidation amount of $60,000,000, such capital securities being designated the 9.25% Series A Capital Securities (collectively the "Series A Capital Securities") and, in connection with an Exchange Offer (as defined in the Declaration) has agreed to execute and deliver the Series B Capital Securities Guarantee (as defined in the Declaration) for the benefit of holders of the Series B Capital Securities (as defined in the Declaration).

WHEREAS, as incentive for the Holders to purchase the Series A Capital Securities, the Guarantor desires irrevocably and unconditionally to agree, to the extent set forth in this Series A Capital Securities Guarantee, to pay to the Holders the Guarantee Payments (as defined below). The Guarantor agrees to make certain other payments on the terms and conditions set forth herein.

WHEREAS, the Guarantor is executing and delivering a guarantee agreement (the "Common Securities Guarantee"), with substantially identical terms to this Series A Capital Securities Guarantee, for the benefit of the holders of the Common Securities (as defined herein), except that if an Event of Default (as defined in the Declaration) has occurred and is continuing, the rights of holders of the Common Securities to receive Guarantee Payments under the Common Securities Guarantee are subordinated, to the extent and in the manner set forth in the Common Securities Guarantee, to the rights of holders of Series A Capital Securities and the Series B Capital Securities to receive Guarantee Payments under this Series A Capital Securities Guarantee and the Series B Capital Securities Guarantee, as the case may be.

NOW, THEREFORE, in consideration of the purchase by each Holder, which purchase the Guarantor hereby acknowledges shall benefit the Guarantor, the Guarantor executes and delivers

this Series A Capital Securities Guarantee for the benefit of the Holders.

ARTICLE I
DEFINITIONS AND INTERPRETATION

SECTION 1.1 DEFINITIONS AND INTERPRETATION

In this Series A Capital Securities Guarantee, unless the context otherwise requires:

(a) Capitalized terms used in this Series A Capital Securities Guarantee but not defined in the preamble above have the respective meanings assigned to them in this Section 1.1;

(b) Terms defined in the Declaration as at the date of execution of this Series A Capital Securities Guarantee have the same meaning when used in this Series A Capital Securities Guarantee unless otherwise defined in this Series A Capital Securities Guarantee;

(c) a term defined anywhere in this Series A Capital Securities Guarantee has the same meaning throughout;

(d) all references to "the Series A Capital Securities Guarantee" or "this Series A Capital Securities Guarantee" are to this Series A Capital Securities Guarantee as modified, supplemented or amended from time to time;

(e) all references in this Series A Capital Securities Guarantee to Articles and Sections are to Articles and Sections of this Series A Capital Securities Guarantee, unless otherwise specified;

(f) a term defined in the Trust Indenture Act has the same meaning when used in this Series A Capital Securities Guarantee, unless otherwise defined in this Series A Capital Securities Guarantee or unless the context, otherwise requires; and

(g) a reference to the singular includes the plural and vice versa.

"AFFILIATE" has the same meaning as given to that term in Rule 405 under the Securities Act of 1933, as amended, or any successor rule thereunder.

"BUSINESS DAY" means any day other than a Saturday or a Sunday, or a day on which banking institutions in The City of New York or Syracuse, New York are authorized or required by law or executive order to close.

"CAPITAL SECURITIES GUARANTEE TRUSTEE" means The Bank of New York, a New York banking corporation, until a Successor Capital Securities Guarantee Trustee has been appointed and has accepted such appointment pursuant to the terms of this Series A Capital Securities Guarantee and thereafter means each such Successor Capital Securities Guarantee Trustee.

"COMMON SECURITIES" means the securities representing common undivided beneficial interests in the assets of the Issuer.

"CORPORATE TRUST OFFICE" means the office of the Capital Securities Guarantee Trustee at which the corporate trust business of the Capital Securities Guarantee Trustee shall, at any particular time, be principally administered, which office at the date of execution of this Agreement is located at 101 Barclay Street, 21 West, New York, New York 10286.

"COVERED PERSON" means any Holder or beneficial owner of Series A Capital Securities.

"DEBENTURES" means the series of subordinated debt securities of the Guarantor designated the 9.25% Series A Junior Subordinated Deferrable Interest Debentures due February 1, 2027 held by the Property Trustee (as defined in the Declaration) of the Issuer.

"EVENT OF DEFAULT" means a default by the Guarantor on any of its payment or other obligations under this Series A Capital Securities Guarantee.

"GUARANTEE PAYMENTS" means the following payments or distributions, without duplication, with respect to the Series A Capital Securities, to the extent not paid or made by the Issuer: (i) any accumulated and unpaid Distributions (as defined in the Declaration) that are required to be paid on such Series A Capital Securities to the extent the Issuer has funds on hand legally available therefor at such time, (ii) the redemption price, including all accumulated and unpaid Distributions to the date of redemption (the "Redemption Price") to the extent the Issuer has funds on hand legally available therefor at such time, with respect to any Series A Capital Securities called for redemption by the Issuer, and (iii) upon a voluntary or involuntary termination and liquidation of the Issuer (other than in connection with the distribution of Debentures to the Holders in exchange for Series A Capital Securities as provided in the Declaration), the lesser of (a) the aggregate of the liquidation

amount and all accumulated and unpaid Distributions on the Series A Capital Securities to the date of payment, to the extent the Issuer has funds on hand legally available therefor, and (b) the amount of assets of the Issuer remaining available for distribution to Holders in liquidation of the Issuer. If an Event of Default has occurred and is continuing, no Guarantee Payments under the Common Securities Guarantee with respect to the Common Securities or any guarantee payment under any Other Common Securities Guarantees shall be made until the Holders shall be paid in full the Guarantee Payments to which they are entitled under this Series A Capital Securities Guarantee.

"HOLDER" shall mean any holder, as registered on the books and records of the Issuer, of any Series A Capital Securities; provided, however, that, in determining whether the holders of the requisite percentage of Series A Capital Securities have given any request, notice, consent or waiver hereunder, "Holder" shall not include the Guarantor or any Affiliate of the Guarantor.

"INDEMNIFIED PERSON" means the Capital Securities Guarantee Trustee, any Affiliate of the Capital Securities Guarantee Trustee, or any officers, directors, shareholders, members, partners, employees, representatives, nominees, custodians or agents of the Capital Securities Guarantee Trustee.

"INDENTURE" means the Indenture dated as of February 4, 1997, among the Guarantor (the "Debenture Issuer") and The Bank of New York, as trustee (the "Property Trustee"), pursuant to which the Debentures are to be issued to the Property Trustee of the Issuer.

"INDENTURE EVENT OF DEFAULT" shall mean any event specified in Section 5.01 of the Indenture.

"MAJORITY IN LIQUIDATION AMOUNT OF THE SERIES A CAPITAL SECURITIES" means, except as provided by the Trust Indenture Act, a vote by Holder(s) of more than 50% of the aggregate liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accumulated and unpaid Distributions to the date upon which the voting percentages are determined) of all Series A Capital Securities.

"OFFICERS' CERTIFICATE" means, with respect to any person, a certificate signed by the Chairman, a Vice Chairman, the Chief Executive Officer, the President, a Vice President, the Comptroller, the Secretary or an Assistant Secretary of the Guarantor. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Series A Capital Securities Guarantee (other than pursuant to Section 314(d)(4) of the Trust Indenture Act) shall include:

(a) a statement that each officer signing the Officers' Certificate has read the covenant or condition and the definitions relating thereto;

(b) a statement that each such officer has made such examination or investigation as, in such officer's opinion, is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(c) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

"OTHER COMMON SECURITIES GUARANTEES" shall have the same meaning as "Other Guarantees" as defined in the Common Securities Guarantee.

"OTHER DEBENTURES" means all junior subordinated debentures issued by the Guarantor from time to time and sold to trusts to be established by the Guarantor (if any), in each case similar to the Issuer.

"OTHER GUARANTEES" means all guarantees to be issued by the Guarantor with respect to capital securities (if any) similar to the Series A Capital Securities issued by other trusts to be established by the Guarantor (if any), in each case similar to the Issuer.

"PERSON" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, dated as of February 4, 1997, by and among the Guarantor, the Issuer and the Initial Purchasers named therein as such agreement may be amended, modified or supplemented from time to time.

"RESPONSIBLE OFFICER" means, with respect to the Capital Securities Guarantee Trustee, any officer within the Corporate Trust Office of the Capital Securities Guarantee Trustee, including any vice president, any assistant vice president, any assistant secretary, the treasurer, any assistant treasurer or other officer of the Corporate Trust office of the Capital Securities Guarantee Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is

referred because of that officer's knowledge of and familiarity with the particular subject.

"SUCCESSOR CAPITAL SECURITIES GUARANTEE TRUSTEE" means a successor Capital Securities Guarantee Trustee possessing the qualifications to act as Capital Securities Guarantee Trustee under Section 4.1.

"TRUST INDENTURE ACT" means the Trust Indenture Act of 1939, as amended.

"TRUST SECURITIES" means the Common Securities and the Series A Capital Securities and Series B Capital Securities, collectively.

ARTICLE II
TRUST INDENTURE ACT

SECTION 2.1 TRUST INDENTURE ACT; APPLICATION

(a) This Series A Capital Securities Guarantee is subject to the provisions of the Trust Indenture Act that are required to be part of this Series A Capital Securities Guarantee and shall, to the extent applicable, be governed by such provisions; and

(b) if and to the extent that any provision of this Series A Capital Securities Guarantee limits, qualifies or conflicts with the duties imposed by Section 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

SECTION 2.2 LISTS OF HOLDERS OF SECURITIES

(a) The Guarantor shall provide the Capital Securities Guarantee Trustee (unless the Capital Securities Guarantee Trustee is otherwise the registrar of the Capital Securities) with a list, in such form as the Capital Securities Guarantee Trustee may reasonably require, of the names and addresses of the Holders ("List of Holders") as of such date, (i) within one Business Day after the fifteenth day of the month prior to the month in which a relevant Distribution date falls, and (ii) at any other time within 30 days of receipt by the Guarantor of a written request for a List of Holders as of a date no more than 14 days before such List of Holders is given to the Capital Securities Guarantee Trustee, PROVIDED that the Guarantor shall not be obligated to provide such List of Holders at any time the List of Holders does not differ from the most recent List of Holders given to the Capital Securities Guarantee Trustee by the Guarantor. The Capital Securities Guarantee Trustee may destroy any List of Holders previously given to it on receipt of a new List of Holders.

(b) The Capital Securities Guarantee Trustee shall comply with its obligations under Sections 311(a), 311(b) and Section 312(b) of the Trust Indenture Act.

SECTION 2.3 REPORTS BY THE CAPITAL SECURITIES GUARANTEE TRUSTEE

Within 60 days after May 15 of each year, commencing May 15, 1997, the Capital Securities Guarantee Trustee shall provide to the Holders such reports as are required by Section 313 of the Trust Indenture Act, if any, in the form and in the manner provided by Section 313 of the Trust Indenture Act. The Capital Securities Guarantee Trustee shall also comply with the other requirements of Section 313 of the Trust Indenture Act.

SECTION 2.4 PERIODIC REPORTS TO CAPITAL SECURITIES GUARANTEE TRUSTEE

The Guarantor shall provide to the Capital Securities Guarantee Trustee such documents, reports and information as required by Section 314 (if any) and the compliance certificate required by Section 314 of the Trust Indenture Act in the form, in the manner and at the times required by Section 314 of the in Trust Indenture Act. Delivery of such reports, information and documents to the Capital Securities Guarantee Trustee is for informational purposes only and the Capital Securities Guarantee Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Guarantor's compliance with any of its covenants hereunder (as to which the Capital Securities Guarantee Trustee is entitled to rely exclusively on Officers, Certificates).

SECTION 2.5 EVIDENCE OF COMPLIANCE WITH CONDITIONS PRECEDENT

The Guarantor shall provide to the Capital Securities Guarantee Trustee such evidence of compliance with any conditions precedent, if any, provided for in this Series A Capital Securities Guarantee that relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given by an officer pursuant to Section 314(c)(1) may be given in the form of an Officers' Certificate.

SECTION 2.6 EVENTS OF DEFAULT; WAIVER

The Holders of a Majority in liquidation amount of Series A Capital Securities may, by vote, on behalf of all Holders, waive any past Event of Default and its consequences. Upon such waiver, any such Event of Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Series A Capital Securities Guarantee, but no such waiver shall extend to any subsequent or

other default or Event of Default or impair any right consequent thereon.

SECTION 2.7 EVENT OF DEFAULT; NOTICE

(a) The Capital Securities Guarantee Trustee shall, within 90 days after the occurrence of a default with respect to this Capital Securities Guarantee, mail by first class postage prepaid, to all Holders, notices of all defaults actually known to a Responsible Officer, unless such defaults have been cured before the giving of such notice, provided, that, except in the case of default in the payment of any Guarantee Payment, the Capital Securities Guarantee Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or a Responsible officer in good faith determines that the withholding of such notice is in the interests of the Holders.

(b) The Capital Securities Guarantee Trustee shall not be deemed to have knowledge of any Event of Default unless the Capital Securities Guarantee Trustee shall have received written notice from the Guarantor, or a Responsible Officer charged with the administration of the Declaration shall have obtained actual knowledge, of such Event of Default.

SECTION 2.8 CONFLICTING INTERESTS

The Declaration shall be deemed to be specifically described in this Series A Capital Securities Guarantee for the purposes of clause (i) of the first proviso contained in Section 310(b) of the Trust Indenture Act.

ARTICLE III
POWERS, DUTIES AND RIGHTS OF CAPITAL SECURITIES GUARANTEE TRUSTEE

SECTION 3.1 POWERS AND DUTIES OF THE CAPITAL SECURITIES GUARANTEE TRUSTEE

(a) This Series A Capital Securities Guarantee shall be held by the Capital Securities Guarantee Trustee for the benefit of the Holders, and the Capital Securities Guarantee Trustee shall not transfer this Series A Capital Securities Guarantee to any Person except a Holder exercising his or her rights pursuant to Section 5.4(b) or to a Successor Capital Securities Guarantee Trustee on acceptance by such Successor Capital Securities Guarantee Trustee of its appointment to act as Successor Capital Securities Guarantee Trustee. The right, title and interest of the Capital Securities Guarantee Trustee shall automatically vest in any Successor Capital Securities Guarantee Trustee, and such vesting and succession of title shall be effective whether or not

conveyancing documents have been executed and delivered pursuant to the appointment of such Successor Capital Securities Guarantee Trustee.

(b) If an Event of Default actually known to a Responsible officer has occurred and is continuing, the Capital Securities Guarantee Trustee shall enforce this Series A Capital Securities Guarantee for the benefit of the Holders.

(c) The Capital Securities Guarantee Trustee, before the occurrence of any Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Series A Capital Securities Guarantee, and no implied covenants shall be read into this Series A Capital Securities Guarantee against the Series A Capital Securities Guarantee Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.6) and is actually known to a Responsible Officer, the Capital Securities Guarantee Trustee shall exercise such of the rights and powers vested in it by this Series A Capital Securities Guarantee, and use the same degree of care and skill in its exercise thereof, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(d) No provision of this Series A Capital Securities Guarantee shall be construed to relieve the Capital Securities Guarantee Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) prior to the occurrence of any Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Capital Securities Guarantee Trustee shall be determined solely by the express provisions of this Series A Capital Securities Guarantee, and the Capital Securities Guarantee Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Series A Capital Securities Guarantee, and no implied covenants or obligations shall be read into this Series A Capital Securities Guarantee against the Capital Securities Guarantee Trustee; and

(B) in the absence of bad faith on the part of the Capital Securities Guarantee Trustee, the Capital Securities Guarantee Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates

or opinions furnished to the Capital Securities Guarantee Trustee and conforming to the requirements of this Series A Capital Securities Guarantee; but in the case of any such certificates or opinions that by any provision hereof are; specifically required to be furnished to the Capital Securities Guarantee Trustee, the Capital Securities Guarantee Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Series A Capital Securities Guarantee;

(ii) the Capital Securities Guarantee Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Capital Securities Guarantee Trustee was negligent in ascertaining the pertinent facts upon which such judgment was made;

(iii) the Capital Securities Guarantee Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a Majority in liquidation amount of the Series A Capital Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Capital Securities Guarantee Trustee, or exercising any trust or power conferred upon the Capital Securities Guarantee Trustee under this Series A Capital Securities Guarantee; and

(iv) no provision of this Series A Capital Securities Guarantee shall require the Capital Securities Guarantee Trustee to extend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if the Capital Securities Guarantee Trustee shall have reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Series A Capital Securities Guarantee or indemnity, reasonably satisfactory to the Capital Securities Guarantee Trustee, against such risk or liability is not reasonably assured to it.

SECTION 3.2 CERTAIN RIGHTS OF CAPITAL SECURITIES GUARANTEE TRUSTEE

(a) Subject to the provisions of Section 3.1:

(i) The Capital Securities Guarantee Trustee may conclusively rely, and shall be fully protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other

evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed, sent or presented by the proper party or parties.

(ii) Any direction or act of the Guarantor contemplated by this Series A Capital Securities Guarantee may be sufficiently evidenced by an Officers' Certificate.

(iii) Whenever, in the administration of this Series A Capital Securities Guarantee, the Capital Securities Guarantee Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Capital Securities Guarantee Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and conclusively rely upon an Officers' Certificate which, upon receipt of such request, shall be promptly delivered by the Guarantor.

(iv) The Capital Securities Guarantee Trustee shall have no duty to see to any recording, filing or registration of any instrument (or any rerecording, refiling or registration thereof).

(v) The Capital Securities Guarantee Trustee may consult with counsel of its selection, and the advice or opinion of such counsel with respect to legal matters shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion. Such counsel may be counsel to the Guarantor or any of its Affiliates and may include any of its employees. The Capital Securities Guarantee Trustee shall have the right at any time to seek instructions concerning the administration of this Series A Capital Securities Guarantee from any court of competent jurisdiction.

(vi) The Capital Securities Guarantee Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Series A Capital Securities Guarantee at the request or direction of any Holder, unless such Holder shall have provided to the Capital Securities Guarantee Trustee such security and indemnity, reasonably satisfactory to the Capital Securities Guarantee Trustee, against the costs, expenses (including attorneys' fees and expenses and the expenses of the Capital Securities Guarantee Trustee's agents, nominees or custodians) and liabilities that might be incurred by it in complying with such request or direction, including such reasonable advances as may be requested by the Capital Securities Guarantee Trustee; provided that, nothing contained in this Section 3.2(a)(vi) shall be taken to relieve the Capital Securities Guarantee

Trustee, upon the Occurrence of an Event Of Default, of its obligation to exercise the rights and powers vested in it by this Series A Capital Securities Guarantee.

(vii) The Capital Securities Guarantee Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Capital Securities Guarantee Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(viii) The Capital Securities Guarantee Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, nominees, custodians or attorneys, and the Capital Securities Guarantee Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(ix) Any action taken by the Capital Securities Guarantee Trustee or its agents hereunder shall bind the Holders, and the signature of the Capital Securities Guarantee Trustee or its agents alone shall be sufficient and effective to perform any such action. No third party shall be required to inquire as to the authority of the Capital Securities Guarantee Trustee to so act or as to its compliance with any of the terms and provisions of this Series A Capital Securities Guarantee, both of which shall be conclusively evidenced by the Capital Securities Guarantee Trustee's or its agent's taking such action.

(x) Whenever in the administration of this Series A Capital Securities Guarantee the Capital Securities Guarantee Trustee shall deem it desirable to receive instructions with respect to enforcing any remedy or right or taking any other action hereunder, the Capital Securities Guarantee Trustee (i) may request instructions from the Holders of a Majority in liquidation amount of the Series A Capital Securities (ii) may refrain from enforcing such remedy or right or taking such other action until such instructions are received, and (iii) shall be protected in conclusively relying on or acting in accordance with such instructions.

(xi) The Capital Securities Guarantee Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith, without negligence, and reasonably believed by it to be authorized or within the discretion or rights or powers, conferred upon it by this Series A Capital Securities Guarantee.

(b) No provision of this Series A Capital Securities Guarantee shall be deemed to impose any duty or obligation on the Capital Securities Guarantee Trustee to perform any act or acts or exercise any right, power, duty or obligation conferred or imposed on it in any jurisdiction in which it shall be illegal, or in which the Capital Securities Guarantee Trustee shall be unqualified or incompetent in accordance with applicable law, to perform any such act or acts or to exercise any such right, power, duty or obligation. No permissive power or authority available to the Capital Securities Guarantee Trustee shall be construed to be a duty.

SECTION 3.3. NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF SERIES A CAPITAL SECURITIES GUARANTEE

The recitals contained in this Series A Capital Securities Guarantee shall be taken as the statements of the Guarantor, and the Capital Securities Guarantee Trustee does not assume any responsibility for their correctness. The Capital Securities Guarantee Trustee makes no representation as to the validity or sufficiency of this Series A Capital Securities Guarantee.

ARTICLE IV
CAPITAL SECURITIES GUARANTEE TRUSTEE

SECTION 4.1 CAPITAL SECURITIES GUARANTEE TRUSTEE; ELIGIBILITY

(a) There shall at all times be a Capital Securities Guarantee Trustee which shall:

(i) not be an Affiliate of the Guarantor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or Person permitted by the Securities and Exchange Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least 50 million U.S. dollars ($50,000,000), and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then, for the purposes of this Section 4.1(a)(ii), the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) If at any time the Capital Securities Guarantee Trustee shall cease to be eligible to so act under Section 4.1(a), the Capital Securities Guarantee Trustee shall immediately resign in the manner and with the effect set out in Section 4.2 (c).

(c) If the Capital Securities Guarantee Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Capital securities Guarantee Trustee and Guarantor shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

SECTION 4.2 APPOINTMENT, REMOVAL AND RESIGNATION OF CAPITAL SECURITIES GUARANTEE TRUSTEE

(a) Subject to Section 4.2(b), the Capital Securities Guarantee Trustee may be appointed or removed without cause at any time by the Guarantor except during an Event of Default.

(b) The Capital Securities Guarantee Trustee shall not be removed in accordance with Section 4.2(a) until a Successor Capital Securities Guarantee Trustee has been appointed and has accepted such appointment by written instrument executed by such Successor Capital Securities Guarantee Trustee and delivered to the Guarantor.

(c) The Capital Securities Guarantee Trustee shall hold office until a Successor Capital Securities Guarantee Trustee shall have been appointed or until its removal or resignation. The Capital Securities Guarantee Trustee may resign from office (without need for prior or subsequent accounting) by an instrument in writing executed by the Capital Securities Guarantee Trustee and delivered to the Guarantor, which resignation shall not take effect until a Successor Capital Securities Guarantee Trustee has been appointed and has accepted such appointment by instrument in writing executed by such Successor Capital Securities Guarantee Trustee and delivered to the Guarantor and the resigning Capital Securities Guarantee Trustee.

(d) If no Successor Capital Securities Guarantee Trustee shall have been appointed and accepted appointment as provided in this Section 4.2 within 60 days after delivery of an instrument of removal or resignation, the Capital Securities Guarantee Trustee resigning or being removed may petition any court of competent jurisdiction for appointment of a Successor Capital Securities Guarantee Trustee. Such court may thereupon, after prescribing such notice, if any, as it may deem proper, appoint a Successor Capital Securities Guarantee Trustee.

(e) No Capital Securities Guarantee Trustee shall be liable for the acts or omissions to act of any Successor Capital Securities Guarantee Trustee.

(f) Upon termination of this Series A Capital Securities Guarantee or removal or resignation of the Capital Securities Guarantee Trustee pursuant to this Section 4.2, the Guarantor shall pay to the Capital Securities Guarantee Trustee all amounts due to the Capital Securities Guarantee Trustee accrued to the date of such termination, removal or resignation.

ARTICLE V
GUARANTEE

SECTION 5.1 GUARANTEE

The Guarantor irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (without duplication of amounts theretofore paid by the issuer), as and when due, regardless of any defense, right of set-off or counter-claim that the Issuer may have or assert. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing the Issuer to pay such amounts to the Holders.

SECTION 5.2 WAIVER OF NOTICE AND DEMAND

The Guarantor hereby waives notice of acceptance of this Series A Capital Securities Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Issuer or any other Person before proceeding against the Guarantor, protests notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 5.3 OBLIGATIONS NOT AFFECTED

The obligations, covenants, agreements and duties of the Guarantor under this Series A Capital Securities Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Series A Capital Securities to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or any portion of the Distributions, Redemption Price, Liquidation Distribution or any other sums payable under the terms of the Series A Capital Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Series A Capital Securities (other than an extension of time for payment of Distributions,

Redemption Price, Liquidation Distribution or other sum payable that results from the extension of any interest payment period on the Debentures permitted by the Indenture);

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Series A Capital Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in, the Series A Capital Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred;

(g) the consummation of the Exchange offer; or

(h) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 5.3 that the obligations of the Guarantor with respect to the Guarantee Payments shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

SECTION 5.4 RIGHTS OF HOLDERS

(a) The Holders of a Majority in liquidation amount of the Series A Capital Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Capital Securities Guarantee Trustee in respect of this Series A Capital Securities Guarantee or exercising any trust or power conferred upon the Capital Securities Guarantee Trustee under this Series A Capital Securities Guarantee.

(b) If the Capital Securities Guarantee Trustee fails to enforce such Series A Capital Securities Guarantee, any Holder may institute a legal proceeding directly against the Guarantor to enforce the Capital Securities Guarantee Trustee's rights

under this Series A Capital Securities Guarantee, without first instituting a legal proceeding against the Issuer, the Capital Securities Guarantee Trustee or any other person or entity. The Guarantor waives any right or remedy to require that any action be brought first against the Issuer or any other person or entity before proceeding directly against the Guarantor.

SECTION 5.5 GUARANTEE OF PAYMENT

This Series A Capital Securities Guarantee creates a guarantee of payment and not of collection.

SECTION 5.6 SUBROGATION

The Guarantor shall be subrogated to all (if any) rights of the Holders against the Issuer in respect of any amounts paid to such Holders by the Guarantor under this Series A Capital Securities Guarantee; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any right that it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Series A Capital Securities Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Series A Capital Securities Guarantee. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

SECTION 5.7 INDEPENDENT OBLIGATIONS

The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Series A Capital Securities, and that the Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Series A Capital Securities Guarantee notwithstanding the occurrence of any event referred to in subsections (a) through (h), inclusive, of Section 5.3 hereof.

ARTICLE VI
LIMITATION OF TRANSACTIONS; SUBORDINATION

SECTION 6.1 LIMITATION OF TRANSACTIONS

So long as any Capital Securities remain outstanding, the Guarantor shall not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Guarantor's capital stock (which includes common and preferred stock) or (ii) make any payment of principal of, or premium, if any, or interest on

or repay, repurchase or redeem any debt securities of the Guarantor (including any Other Debentures) that rank PARI PASSU with or junior in right of payment to the Debentures or (iii) make any guarantee payments with respect to any guarantee by the Guarantor of the debt securities of any subsidiary of the Guarantor (including other Guarantees) if such guarantee ranks PARI PASSU with or junior in right of payment to the Debentures (other than (a) dividends or distributions in shares of, or options, warrants, rights to subscribe for or purchase shares of, common stock of the Guarantor, (b) any declaration of a dividend in connection with the implementation of a stockholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto, (c) payments under this Series A Capital Securities Guarantee or the Common Guarantee, (d) as a result of a reclassification of the Guarantor's capital stock or the exchange or the conversion of one class or series of the Guarantor's capital stock for another class or series of the Guarantor's capital stock, (e) the purchase of fractional interests in shares of the Guarantor's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or ex- changed, and (f) purchases of common stock related to the issuance of common stock or rights under any of the Guarantor's benefit plans for its directors, officers or employees or any of the Guarantor's dividend reinvestment plans) if at such time (i) there shall have occurred any event of which the Guarantor has actual knowledge that (a) is, or with the giving of notice or the lapse of time, or both, would be an Indenture Event of Default and (b) in respect of which the Guarantor shall not have taken reasonable steps to cure, (ii) if such Debentures are held by the Property Trustee, the Guarantor shall be in default with respect to its payment of any obligations under this Series A Capital Securities Guarantee or (iii) the Guarantor shall have given notice of its election of the exercise of its right to extend the interest payment period pursuant to Section 16.01 of the Indenture and any such extension shall be continuing.

SECTION 6.2 RANKING

This Series A Capital Securities Guarantee will constitute an unsecured obligation of the Guarantor and will rank (i) subordinate and junior in right of payment to Senior Indebtedness (as defined in the Indenture), to the same extent and in the same manner that the Debentures are subordinated to Senior Indebtedness pursuant to the Indenture, (ii) PARI PASSU with the Debentures, the Other Debentures, the Common Securities Guarantee and any Other Guarantee and any Other Common Securities Guarantee, and (iii) senior to the Guarantor's capital stock.

ARTICLE VII
TERMINATION

SECTION 7.1 TERMINATION

This Series A Capital Securities Guarantee shall terminate (i) upon full payment of the Redemption Price (as defined in the Declaration) of all Series A Capital Securities, (ii) upon liquidation of the Issuer, the full payment of the amounts payable in accordance with the Declaration or the distribution of the Debentures to the Holders and the holders of the Common Securities or (iii) upon exchange of all the Series A Capital Securities for the Series B Capital Securities in the Exchange Offer. Notwithstanding the foregoing, this Capital Securities Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any Holder must restore payment of any sums paid under the Series A Capital Securities or under this Series A Capital Securities Guarantee.

ARTICLE VIII
INDEMNIFICATION

SECTION 8.1 EXCULPATION

(a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Guarantor or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith in accordance with this Series A Capital Securities Guarantee and in a manner that such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Series A Capital Securities Guarantee or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's negligence or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Guarantor and upon such information, opinions, reports or statements presented to the Guarantor by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Guarantor, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders might properly be paid.

SECTION 8.2 INDEMNIFICATION

The Guarantor agrees to indemnify each Indemnified Person for, and to hold each Indemnified Person harmless against, any and all loss, liability, damage, claim or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses (including reasonable legal fees and expenses) of defending itself against, or investigating, any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligation to indemnify as set forth in this Section 8.2 shall survive the termination of this Series A Capital Securities Guarantee.

ARTICLE IX
MISCELLANEOUS

SECTION 9.1 SUCCESSORS AND ASSIGNS

All guarantees and agreements contained in this Series A Capital Securities Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders then outstanding.

SECTION 9.2 AMENDMENTS

Except with respect to any changes that do not materially adversely affect the rights of Holders (in which case no consent of Holders will be required), this Series A Capital Securities Guarantee may only be amended with the prior approval of the Holders of a Majority in liquidation amount of the Securities (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined). The provisions of the Declaration with respect to consents to amendments thereof (whether at a meeting or otherwise) shall apply to the giving of such approval.

SECTION 9.3 NOTICES

All notices provided for in this Series A Capital Securities Guarantee shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by first class mail, as follows:

(a) If given to the Issuer, in care of the Administrative Trustee at the Issuer's mailing address set forth below (or such other address as the Issuer may give notice of to the Holders and the Capital Securities Guarantee Trustee):

OnBank Capital Trust I
c/o ONBANCORP, INC.
P.O. Box 4983
Syracuse, New York 13221-4983
Attention: William M. LeBeau
Administrative Trustee
Telecopy: (315) 424-5951

(b) If given to the Capital Securities Guarantee Trustee, at the Capital Securities Guarantee Trustee's mailing address set forth below (or such other address as the Capital Securities Guarantee Trustee may give notice of to the Holders and the issuer):

The Bank of New York
101 Barclay Street, 21 West
New York, New York 10286
Attention: Corporate Trust Trustee Administration
Telecopy: (212) 815-5915

(c) if given to the Guarantor, at the Guarantor's mailing address set forth below (or such other address as the Guarantor may give notice of to the Holders and the Capital Securities Guarantee Trustee):

ONBANCorp, Inc.
101 South Salina Street
Syracuse, New York 13202
Attention: Robert J. Berger
Senior Vice President, Treasurer
and Chief Financial Officer
Telecopy: (315) 424-5951

(d) If given to any Holder, at the address set forth on the books and records of the Issuer.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 9.4 EXCHANGE OFFER

In the event an Exchange Offer Registration Statement (as defined in the Registration Rights Agreement) becomes effective and the Issuer issues any Series B Capital Securities in the Exchange Offer, the Guarantor will enter into a new capital securities guarantee agreement, in substantially the same form as

this Series A Capital Securities Guarantee, with respect to the Series B Capital Securities.

SECTION 9.5 BENEFIT

This Series A Capital Securities Guarantee is solely for the benefit of the Holders and, subject to Section 3.1(a), is not separately transferable from the Series A Capital Securities.

SECTION 9.6 GOVERNING LAW

THIS SERIES A CAPITAL SECURITIES GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

THIS SERIES A CAPITAL SECURITIES GUARANTEE is executed as of the day and year first above written.

ONBANCORP, INC., as Guarantor

By: /s/ Robert J. Berger

Name: Robert J. Berger
Title: Senior Vice President,
Treasurer & Chief
Financial Officer

THE BANK OF NEW YORK, as Capital Securities Guarantee Trustee

By: /s/ Walter Gitlin

Name: Walter Gitlin
Title: Authorized Signatory

EXHIBIT 4.21

AMENDMENT TO SERIES A CAPITAL SECURITIES GUARANTEE AGREEMENT

This Amendment to Series A Capital Securities Guarantee Agreement (the "Amendment") is made as of December 17, 1999 by and between Olympia Financial Corp., a Delaware corporation, and The Bank of New York, a New York banking corporation.

WITNESSETH

WHEREAS, Olympia Financial Corp., successor by merger to ONBANCorp, Inc., (the "Guarantor"), and The Bank of New York, as trustee (in such capacity, the "Capital Securities Guarantee Trustee") previously entered into a Series A Capital Securities Guarantee Agreement dated as of February 4, 1997 (the "Guarantee Agreement") by which the Guarantor agreed to make certain payments to the Holders of Series A Capital Securities issued pursuant to an Amended and Restated Declaration of Trust dated as of February 4, 1997 by and between Guarantor, in its capacity as Sponsor, The Bank of New York, as property trustee, and The Bank of New York (Delaware), a Delaware banking corporation, as Delaware trustee; and

WHEREAS, ONBANCorp, Inc. has been merged with and into Olympia Financial Corp., a wholly owned subsidiary of M&T Bank Corporation, a New York corporation; and

WHEREAS, the Administrative Trustees of the Trust have changed the name of the Trust from "OnBank Capital Trust I" to "M&T Capital Trust III;" and

WHEREAS, the Guarantor and the Guarantee Trustee desire to amend the Guarantee Agreement to provide for the change of the Guarantor from "ONBANCorp, Inc." to "Olympia Financial Corp.," and the name of the Trust from "OnBank Capital Trust I" to "M&T Capital Trust III."

NOW THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party to this Amendment, for the benefit of the other parties and for the benefit of the Holders, hereby amends the Guarantee Agreement, and agrees, intending to be legally bound, as follows:

SECTION 1. DEFINITIONS.

1.1. For all purposes of this Amendment, except as otherwise expressly provided, terms used but not defined in this Amendment shall have the meanings assigned to them in the Guarantee Agreement.

1.2. The definition of "Guarantor" in the preamble of the Guarantee Agreement is amended to mean Olympia Financial Corp., a Delaware corporation.

1.3. The definition of "Issuer" in the preamble of the Guarantee Agreement is amended to read "M&T Capital Trust III."

SECTION 2. MISCELLANEOUS.

2.1. CONTINUING AGREEMENT. The Guarantee Agreement shall not be amended by this Amendment except as specifically provided in this Amendment and, amended as so specifically provided, the Guarantee Agreement shall remain in full force and effect. References in the Guarantee Agreement to "this Guarantee Agreement" shall be deemed to be references to the Guarantee Agreement as amended by this Amendment.

2.2. CONFLICTS. In the event of a conflict between the terms and conditions of the Guarantee Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

2.3. COUNTERPART ORIGINALS. The parties may sign any number of copies of this Amendment. Each signed copy shall be an original, but all of them together represent the same agreement.

2.4. HEADINGS, ETC. The headings of the sections of this Amendment have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed as of the day and year first above written.

OLYMPIA FINANCIAL CORP.
as Guarantor

By: /s/ Michael P. Pinto

Michael P. Pinto
Chairman of the Board and President

THE BANK OF NEW YORK
as Guarantee Trustee,
and not in its individual capacity

By: /s/ Iliana A. Arciprete

Iliana A. Arciprete
Assistant Treasurer

EXHIBIT 10.1

==========

U.S. $30,000,000

CREDIT AGREEMENT

Dated as of November 19, 1999

between

M & T BANK CORPORATION

AS BORROWER

and

CITIBANK, N.A.
AS LENDER

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CREDIT AGREEMENT

CREDIT AGREEMENT dated as of November 19, 1999, between M & T BANK CORPORATION, a New York corporation (the "BORROWER"), and CITIBANK, N.A. (the "LENDER"), a national bank.

The Borrower has requested that the Lender make Advances to it in an aggregate principal amount up to but not exceeding $30,000,000 at any one time outstanding, and the Lender is prepared to make such Advances on and subject to the terms and conditions hereof. Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ADVANCE" means each advance by the Lender to the Borrower pursuant to Section 2.01.

"AFFILIATE" means any Person that, directly or indirectly, controls, is controlled by or is under common control with the Borrower. For purposes of this definition, the term "CONTROL" (including the terms "CONTROLLING", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH") of a Person shall mean the possession, direct or indirect, of the power to vote 10% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of such Voting Stock, by contract or otherwise. Notwithstanding the foregoing, no individual shall be deemed to be an Affiliate solely by reason of his or her being an officer or director of the Borrower and the Borrower and the Subsidiaries shall not be deemed to be Affiliates of each other.

"APPLICABLE FACILITY FEE RATE" means 0.11% per annum.

"APPLICABLE LENDING OFFICE" means the office of the Lender specified on the signature page hereof, or such other office of the Lender as the Lender may from time to time specify to the Borrower.

"APPLICABLE MARGIN" means (a) with respect to Base Rate Advances, 0% per annum and (b) with respect to LIBO Rate Advances, 0.34% per annum.

"APPLICABLE UTILIZATION FEE RATE" means 0.10% per annum.

"BANK SUBSIDIARY" means a Subsidiary of the Borrower that is a bank or banking institution and shall include any Insured Subsidiary.

"BASE RATE" means a fluctuating interest rate per annum in effect from time to time which shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by the Lender in New York, New York, from time to time, as the Lender's Base Rate;

(b) 0.50% per annum above the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money center banks, such three-week moving average (adjusted to the basis of a year of 365 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by the Lender on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by the Lender from three New York certificate of deposit dealers of recognized standing selected by the Lender, in either case adjusted to the nearest 1/4 of one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent;

(c) 0.50% per annum above the Federal Funds Rate; and

(d) for the period from and including December 15, 1999 to and including January 15, 2000, 2% per annum above the "targeted federal funds rate" (as defined in Regulation A of the Board of Governors of the Federal Reserve System).

Each change in any interest rate provided for herein based upon the Base Rate resulting from a change in the Base Rate shall take effect at the time of such change in the Base Rate.

"BASE RATE ADVANCE" means, at any time, an Advance which bears interest at the Base Rate.

"BORROWER" means M&T Bank Corporation and its successors and assigns.

"BUSINESS DAY" means (a) a day on which banks are not required or authorized to close in New York, New York and (b) if the applicable Business Day relates to any LIBO Rate Advance, on which dealings in deposits are carried on in the London interbank market.

"CHANGE IN CONTROL" means any of the following events:

(a) the Borrower is merged, consolidated or reorganized into or with another corporation or other Person, and as a result of such merger, consolidation or reorganization less than a majority of the combined voting power of the then outstanding Voting Stock of the corporation or other Person that is the survivor of such merger, consolidation or reorganization

immediately after such transaction is held in the aggregate by the holders of Voting Stock of the Borrower immediately prior to such transaction; or

(b) the Borrower sells all or substantially all of its assets to any other corporation or other Person, and less than a majority of the combined voting power of the then outstanding Voting Stock of such corporation or other Person immediately after such transaction is held in the aggregate by the holders of Voting Stock of the Borrower immediately prior to such sale; or

(c) any "person" or "group" as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable (except that for purposes of this paragraph (c) such person or group shall not include the Wilmers Group or its members) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 promulgated pursuant to the Exchange Act), directly or indirectly, of more than 50% of the aggregate voting power of all Voting Stock of the Borrower, or Mr. Robert G. Wilmers shall, as a result of a sale or other disposition (other than a share exchange in connection with a merger otherwise permitted hereby) of shares, cease to own, beneficially and of record, at least 5% of the aggregate voting power of all Voting Stock of the Borrower; or

(d) during any period of 13 consecutive calendar months, a majority of the Board of Directors of the Borrower shall no longer be composed of individuals (i) who were members of said Board on the first day of such period, (ii) whose election or nomination to said Board was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of said Board or (iii) whose election or nomination to said Board was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of said Board.

"CLOSING DATE" means the date on which the Lender notifies the Borrower that the conditions precedent set forth in Section 3.01 have been satisfied.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COMMITMENT" has the meaning specified in Section 2.01.

"COMMITMENT TERMINATION DATE" means the day 364 days after the Closing Date or, in the event that the Commitment is extended pursuant to Section 2.04(d), the date to which the Commitment is extended; PROVIDED, that if such day is not a Business Day, the Commitment Termination Date shall be the immediately preceding Business Day.

"CONSOLIDATED NET WORTH" means the aggregate of the capital stock, surplus and retained earnings of the Borrower and its Consolidated Subsidiaries, but excluding treasury stock and capital stock subscribed and unissued, all determined on a consolidated basis.

"CONSOLIDATED NON-PERFORMING ASSETS" means, on any date, the aggregate amount of loans and leases that are not accruing interest or that are 90 days or more past due in the payment of principal and interest, renegotiated or restructured loans and leases, in substance

foreclosures and foreclosed real estate and other foreclosed property of the Borrower and its Consolidated Subsidiaries on such date.

"CONSOLIDATED RESERVE FOR CREDIT LOSSES" means, on any date, the consolidated allowance for loan and lease losses for the Borrower and its Consolidated Subsidiaries on such date.

"CONSOLIDATED SUBSIDIARY" means, at any date, any Subsidiary of the Borrower the accounts of which would be consolidated with those of the Borrower in its consolidated financial statements if such statements were prepared in accordance with GAAP as of such date.

"CONSOLIDATED TANGIBLE NET WORTH" means the Consolidated Net Worth less the book value of goodwill, patents, trademarks, service marks, trade names, copyrights, charters, franchises, certificates, permits and licenses and any other intangible assets of the Borrower and its Consolidated Subsidiaries on a consolidated basis.

"CONSOLIDATED TOTAL TANGIBLE ASSETS" means, at any time, the aggregate amount of assets of the Borrower and its Consolidated Subsidiaries determined in accordance with GAAP less the book value of goodwill, patents, trademarks, service marks, trade names, copyrights, charters, franchises, certificates, permits and licenses and any other intangible assets of the Borrower and its Consolidated Subsidiaries on a consolidated basis.

"DEBT" of any Person means (a) indebtedness of such Person for borrowed money, (b) obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) obligations of such Person to pay the deferred purchase price of property or services (excluding, however, trade accounts payable arising in the ordinary course of business and not overdue), (d) capital lease obligations of such Person, (e) Debt of others Guaranteed by such Person, (f) Debt of others secured by a Lien on the property of such Person, (g) all obligations of such Person to redeem, retire, defease or otherwise make any payment in respect of shares of capital stock of such Person, (h) all obligations, contingent or otherwise, of such Person in respect of letters of credit or acceptances (other than commercial letters of credit in respect of trade accounts payable and not overdue) and (i) the net liability of such Person under Hedge Agreements, EXCLUDING, from this definition, other than for purposes of Section 6.01(d), the Junior Subordinated Debentures issued by the Borrower in connection with preferred capital securities issued by First Empire Capital Trust I, a Delaware business trust, First Empire Capital Trust II, a Delaware business trust, or OnBank Capital Trust I, a Delaware business trust.

"DEFAULT" means an Event of Default or an event that, with notice or lapse of time or both, would become an Event of Default.

"DOLLARS" and "$" means lawful money of the United States of America.

"DOUBLE LEVERAGE RATIO" means the ratio of (i) the aggregate investment of the Borrower in capital stock of its Subsidiaries, including its interest in undistributed earnings and intangibles (determined in accordance with GAAP) of its Subsidiaries, to (ii) Consolidated Net Worth of the Borrower.

"ENVIRONMENTAL LAWS" means any and all present and future Federal, state and local laws, rules or regulations, and any orders or decrees, in each case as now or hereafter in effect, relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of Hazardous Materials into the indoor or outdoor environment, including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 4143 of the Code.

"EUROCURRENCY LIABILITIES" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"EVENTS OF DEFAULT" has the meaning specified in Section 6.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXCLUDED TAXES" means, with respect to the Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise Taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of the Lender, in which its Applicable Lending Office is located and (b) any branch profits Taxes imposed by the United States of America or any similar Tax imposed by any other jurisdiction in which the Borrower is located.

"FEDERAL FUNDS RATE" means, for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Lender from three Federal funds brokers of recognized standing selected by it.

"GAAP" means generally accepted United States accounting principles.

"GUARANTEE" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or

pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise, other than agreements to purchase goods at an arm's length price in the ordinary course of business) or (ii) entered into for the purpose of assuring in any other manner the holder of such Debt of the payment thereof or to protect such holder against loss in respect thereof (in whole or in part); provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "GUARANTEE" used as a verb has a corresponding meaning.

"HAZARDOUS MATERIALS" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"HEDGE AGREEMENT" means any rate, basis, commodity, currency, debt or equity swap, any cap, collar or floor agreement, or any similar agreement entered into for the purpose of hedging risk.

"INDEMNIFIED TAXES" means Taxes other than Excluded Taxes.

"INSURED SUBSIDIARY" means any insured depositary institution (as defined in 12 U.S.C. Section 1813(c)(2) or any successor provision, as amended, reenacted or redesignated from time to time) that is controlled (within the meaning of 12 U.S.C. Section 1841(a)(2) or any successor provision as amended, reenacted or redesignated from time to time) by the Borrower.

"INTEREST PAYMENT DATE" means (a) with respect to any Base Rate Advance, each Quarterly Date and (b) with respect to any LIBO Rate Advance, the last day of each Interest Period therefor and, in the case of any Interest Period that has a duration of more than three months, each day prior to the last day of such Interest Period that occurs at intervals of three months after the first day of such Interest Period.

"INTEREST PERIOD" means, with respect to any LIBO Rate Advance, the period beginning on the date such LIBO Rate Advance is made, or converted from a Base Rate Advance, or on the last day of the immediately preceding Interest Period, and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each Interest Period in respect of any LIBO Rate Advance shall be 1, 2, 3 or 6 months as the Borrower may select as provided in Section 2.03; PROVIDED, HOWEVER, that (i) each Interest Period that begins on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month, (ii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, except that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business

Day, and (iii) any Interest Period that would otherwise extend beyond the Commitment Termination Date shall end on the Commitment Termination Date.

"LENDER" means Citibank, N.A. and its successors and assigns.

"LIBO RATE" means, with respect to any LIBO Rate Advance, for any Interest Period:

(a) the offered rate for deposits in Dollars with a maturity comparable to such Interest Period appearing on Page 3750 of the Telerate Service of Bridge Information Service (or on any successor or substitute page of such Service, or any successor to such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Lender from time to time, for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) as of approximately 11:00 a.m. (London time) on the date two Business Days prior to the commencement of such Interest Period;

(b) if such date does not appear on said Page 3750 (or such successor), the offered rate for deposits in Dollars with a maturity comparable to such Interest Period appearing on the display designated on page "LIBO" on the Reuter Monitor Money Rates Service (or on any successor or substitute page of such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Lender from time to time, for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) as of approximately 11:00 a.m. (London time) on the date two Business Days prior to the commencement of such Interest Period; and

(c) in the event that neither rate referred to in clauses (a) or (b) is available at such time for any reason, an interest rate per annum equal to the rate per annum at which deposits in Dollars are offered by the principal office of the Lender in London, England to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on the date two Business Days before the first day of such Interest Period in the amount of the Advance if such Advance were to be outstanding for such Interest Period.

"LIBO RATE ADVANCE" means, at any time, an Advance which bears interest at a rate based upon the LIBO Rate.

"LIBO RATE RESERVE PERCENTAGE" for any Interest Period for any LIBO Rate Advance means the effective rate (expressed as a percentage) at which reserve requirements (including, without limitation, emergency, supplemental and other marginal reserve requirements) are imposed on the Lender during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"LIEN" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (i) the business, condition (financial or otherwise), operations or prospects of the Borrower or of the Borrower and its Consolidated Subsidiaries taken as a whole, (ii) the legality, validity or enforceability of this Agreement or the Note or (iii) the ability of the Borrower to perform its obligations under this Agreement or the Note in any material respect.

"MULTIEMPLOYER PLAN" means a multiemployer plan defined as such in Section 4001(a)(3) of ERISA to which contributions have been made by the Borrower or any ERISA Affiliate and that is covered by Title IV of ERISA.

"NON-PERFORMING ASSET COVERAGE RATIO" means, on any date, the ratio of (a) Consolidated Net Worth PLUS Consolidated Reserve for Credit Losses on such date to (b) Consolidated Non-Performing Assets on such date.

"NOTE" has the meaning specified in Section 2.05(b).

"OTHER TAXES" means any and all present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"PERSON" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PLAN" means an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

"QUARTERLY DATE" means the last Business Day of each March, June, September and December.

"SIGNIFICANT SUBSIDIARY" means (i) any Subsidiary of the Borrower that would be a "significant subsidiary" within the meaning of Regulation S-X of the SEC and (ii) any Bank Subsidiary.

"SOLVENT" means, with respect to any Person on a particular date, that (i) the fair value of the property of such Person is greater than the total amount of the liabilities, including, without limitation, contingent liabilities, of such Person, (ii) the present fair salable value of the

assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, and (iv) such Person is not engaged in business, and is not about to engage in business, for which such Person's property would constitute unreasonably small capital.

"SUBSIDIARY" means any Person of which at least a majority of the Voting Stock is at the time directly or indirectly owned or controlled by the Borrower or one or more Subsidiaries or by the Borrower and one or more Subsidiaries.

"TAXES" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any governmental authority.

"VOTING STOCK" means, at any time, the outstanding securities of any Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person.

"WILMERS GROUP" means Robert G. Wilmers and the other members of the group of related Persons described under the caption "PRINCIPAL BENEFICIAL OWNERS OF SHARES" in the proxy statement of the Borrower relating to its 1999 Annual Meeting of Stockholders.

"YEAR 2000 PROBLEM" means any significant risk that computer hardware or software used in its essential business systems, process control systems or other operations of the Borrower will not, in the case of dates or time periods occurring after December 31, 1999, function adequately so that no Material Adverse Effect will result from the advent of year 2000.

SECTION 1.02. TYPES OF ADVANCES. The "Type" of an Advance refers to whether it is at the time a Base Rate Advance or a LIBO Rate Advance.

SECTION 1.03 ACCOUNTING TERMS AND DETERMINATIONS. Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lender hereunder shall (unless otherwise disclosed to the Lender in writing at the time of delivery thereof in the manner described in subsection (b) below) be prepared, in accordance with GAAP applied on a basis consistent with those used in the preparation of the latest financial statements furnished to the Lender hereunder after the date hereof. All calculations made for the purposes of determining compliance with the terms of Section 5.02 shall (except as otherwise expressly provided herein) be made by application of GAAP applied on a basis consistent with those used in the preparation of the annual or quarterly financial statements furnished to the Lender pursuant to Section 5.01(g) hereof.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. THE COMMITMENT. The Lender agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower in Dollars from time to time on any Business Day during the period from the date hereof until the Commitment Termination Date in an aggregate principal amount not to exceed at any one time outstanding $30,000,000 (the "COMMITMENT"). Within the foregoing limits and subject to the terms and conditions of this Agreement the Borrower may borrow, prepay and reborrow the amount of the Commitment. Each Advance shall be in a minimum amount of $1,000,000 or any whole multiple of $1,000,000 in excess thereof.

SECTION 2.02. ADVANCES. To request an Advance, the Borrower shall give the Lender irrevocable, written notice of such Advance (i) in the case of a LIBO Rate Advance, not later than 11:00 a.m. (New York City time) on the third Business Day prior to the date of such Advance or (ii) in the case of a Base Rate Advance, not later than 11:00 a.m. (New York City time) on the day of such Advance. Each such notice shall be by telecopier, telex or cable and shall specify the requested (i) date of such Advance, which shall be a Business Day, (ii) Type of Advance, (iii) amount of such Advance and (iv) in the case of an Advance consisting of a LIBO Rate Advance, initial Interest Period for such Advance. The Lender will make the proceeds of each Advance available to the Borrower by crediting the amount thereof, in immediately available funds, to an account of the Borrower maintained with the Lender in New York City (or such other account as the Lender and the Borrower may agree) (i) by 12:00 noon (New York City time) in the case of a LIBO Rate Advance and (ii) by the end of the same Business Day, if possible, in the case of a Base Rate Advance.

SECTION 2.03. INTEREST ELECTIONS. Each Advance initially shall be of the Type specified in the notice of such Advance and, in the case of a LIBO Rate Advance, shall have an initial Interest Period as specified in such notice. Thereafter, the Borrower may elect to convert such Advance to a different Type or to continue such Advance as the same Type and, in the case of a LIBO Rate Advance, may elect Interest Periods therefor, all as provided in this Section 2.03. The Borrower may elect different options with respect to different portions of the affected Advance, in which case each such portion shall be considered a separate Advance (PROVIDED, that each such portion, in the case of a LIBO Rate Advance, shall be in a minimum amount of $1,000,000 or any whole multiple of $1,000,000 in excess thereof). To make an election pursuant to this Section 2.03, the Borrower shall notify the Lender of such election by telephone by the time that a notice of Advance would be required under Section 2.02 if the Borrower were requesting an Advance of the Type resulting from such election to be made on the effective date of such election. Each such telephonic election shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Lender of a written interest election request in a form approved by the Lender and signed by the Borrower. Each telephonic and written interest election request shall specify the following information:

(i) the Advance to which such interest election request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be

allocated to each resulting Advance (in which case the information to be specified pursuant to clauses (iii) and (iv) of this paragraph shall be specified for each resulting Advance);

(ii) the effective date of the election made pursuant to such interest election request, which shall be a Business Day;

(iii) whether the resulting Advance is to be a Base Rate Advance or a LIBO Rate Advance, or a specified combination thereof; and

(iv) if the resulting Advance is a LIBO Rate Advance, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such interest election request requests a LIBO Rate Advance but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. If the Borrower fails to deliver a timely and complete interest election request with respect to a LIBO Rate Advance prior to the end of the Interest Period applicable thereto, then, unless such Advance is repaid as provided herein, at the end of such Interest Period such Advance shall be converted to a Base Rate Advance. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Lender so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Advance may be converted to or continued as a LIBO Rate Advance and (ii) unless repaid, each LIBO Rate Advance shall be converted to a Base Rate Advance at the end of the Interest Period applicable thereto.

SECTION 2.04. TERMINATION, REDUCTION AND EXTENSION OF THE COMMITMENT.

(a) Unless previously terminated, the Commitment shall automatically terminate on the Commitment Termination Date.

(b) The Borrower shall have the right to terminate or reduce the Commitment at any time or from time to time; PROVIDED, that (i) the Borrower shall give irrevocable, written notice of each such termination or reduction to the Lender at least three Business Days before such termination or reduction, (ii) each partial reduction shall be in a minimum amount of $5,000,000 or any whole multiple of $1,000,000 in excess thereof and (iii) the Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent prepayment of the Advances pursuant to Section 2.06, at any time, the aggregate outstanding principal amount of the Advances at such time would exceed the Commitment.

(c) The Commitment once terminated or reduced pursuant to this Section 2.04 may not be reinstated.

(d) The Borrower may, by written notice to the Lender not less than 30 days and not more than 45 days prior to the Commitment Termination Date then in effect (the "EXISTING COMMITMENT TERMINATION DATE"), request that the Lender extend the Commitment Termination Date to the date falling 364 days after the Existing Commitment Termination Date. The Existing Commitment Termination Date shall be extended (effective as of the Existing Commitment

Termination Date) to the date falling 364 days after the Existing Commitment Termination Date if the Lender so agrees, in its sole discretion; PROVIDED, that no such extension shall be effective unless (i) no Event of Default or Default shall have occurred and be continuing on the date of such request or on the Existing Commitment Termination Date and (ii) the representations and warranties made by the Borrower in Article IV hereof shall be true on and as of the date of such request and the Existing Commitment Termination Date with the same force and effect as if made on and as of such dates (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date). Each request for extension hereunder by the Borrower shall constitute a certification by the Borrower to the effect set forth in clauses (i) and (ii) above (both as of the date of such request and, unless the Borrower otherwise notifies the Lender prior to the Existing Commitment Termination Date, as of the Existing Commitment Termination Date). The Lender will notify the Borrower in writing of its decision not less than 20 days and not more than 30 days prior to the Existing Commitment Termination Date; PROVIDED that in no event may the Borrower request more than two such extensions. If any such extension of the Existing Commitment Termination Date shall not become effective, then the Commitment shall reduce to zero on the Existing Commitment Termination Date and the Commitment Termination Date shall remain the Existing Commitment Termination Date.

SECTION 2.05. REPAYMENT OF ADVANCES; NOTE.

(a) The Borrower hereby unconditionally promises to pay to the Lender the outstanding principal amount of the Advances on the Commitment Termination Date.

(b) The Advances shall be evidenced by a single promissory note of the Borrower (the "NOTE") in substantially the form of Exhibit A hereto, dated the date hereof, payable to the Lender in a principal amount equal to the amount of the Commitment and otherwise duly completed. The Lender is hereby authorized by the Borrower to endorse on the schedule (or a continuation thereof) attached to the Note the date, amount and Type of and the Interest Period (if any) for each Advance made by the Lender to the Borrower hereunder and the date and the amount of each payment or prepayment of principal of such Advance received by the Lender; PROVIDED, that any failure by the Lender to make any such endorsement shall not affect the obligations of the Borrower under the Note or hereunder.

SECTION 2.06. PREPAYMENT OF ADVANCES.

(a) The Borrower shall have the right at any time and from time to time to prepay any Advance in whole or in part, subject to the requirements of this Section 2.06.

(b) The Borrower shall notify the Lender by telephone (confirmed by telecopy) of any optional prepayment hereunder (i) in the case of prepayment of a LIBO Rate Advance, not later than 11:00 a.m. (New York City time) two Business Days before the date of prepayment or (ii) in the case of prepayment of an Base Rate Advance, not later than 11:00 a.m. (New York City time) on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Advance or portion thereof to be prepaid. Each partial prepayment of any Advance shall be in a minimum amount of $1,000,000 or any whole multiple of $1,000,000 in excess thereof and shall be applied to prepay any outstanding

Base Rate Advances before any LIBO Rate Advances. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.08 and all amounts payable in connection therewith pursuant to Section 2.11.

(c) If either (i) there shall occur a Change in Control, or (ii) the Borrower shall, with respect to any Significant Subsidiary, cease to own, beneficially and of record, a majority of the issued and outstanding Voting Stock of such Significant Subsidiary, the Borrower shall, within 5 Business Days of the making of written demand by the Lender, prepay in full the outstanding Loans together with accrued and unpaid interest thereon and all other amounts payable hereunder, and upon the giving of such demand the Commitment shall forthwith terminate. Nothing herein shall require a prepayment by reason of the transfer of assets of a Significant Subsidiary to the Borrower or another Significant Subsidiary.

SECTION 2.07 FACILITY FEES; UTILIZATION FEES.

(a) The Borrower shall pay to the Lender a facility fee on the amount of the Commitment (whether or not utilized) for the period from and including the date of this Agreement to but not including the earlier of the date such Commitment is terminated or the Commitment Termination Date, at a rate per annum equal to the Applicable Facility Fee Rate. Accrued facility fee shall be payable in arrears on each Quarterly Date and on the earlier of the date the Commitment terminates and the Commitment Termination Date. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower shall pay to the Lender a utilization fee on the aggregate outstanding principal amount of the Advances during any period that the aggregate outstanding principal amount of the Advances exceeds an amount equal to 50% of the aggregate amount of the Commitment, at a rate per annum equal to the Applicable Utilization Fee Rate. Accrued utilization fee shall be payable on each day on which a payment of interest is due under Section 2.08. All utilization fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.08. INTEREST.

(a) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin.

(b) Each LIBO Rate Advance shall bear interest during each Interest Period therefor at a rate per annum equal to the LIBO Rate for such Interest Period plus the Applicable Margin.

(c) Notwithstanding clauses (a) and (b) above, during any period that an Event of Default has occurred and is continuing, the Borrower agrees to pay to the Lender interest at a rate per annum equal to (i) in the case of any principal of any Advance, 2% per annum PLUS the rate otherwise applicable to such Advance as provided above or (ii) in the case of any other amount, 2% per annum above the Base Rate.

(d) Accrued interest on each Advance shall be payable in arrears on each Interest Payment Date for such Advance and upon termination of the Commitment; PROVIDED, that (i) interest accrued pursuant to paragraph (c) of this Section 2.08 shall be payable on demand, (ii) in the event of any repayment or prepayment of any Advance, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any LIBO Rate Advance prior to the end of the then current Interest Period therefor, accrued interest on such Advance shall be payable on the effective date of such conversion.

(e) The Borrower agrees to pay to the Lender, so long as the Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or the equivalent), additional interest on the unpaid principal amount of each LIBO Rate Advance, from the date of such LIBO Rate Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the LIBO Rate for the then current Interest Period for such LIBO Rate Advance from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% MINUS the LIBO Rate Reserve Percentage for such Interest Period, payable on each date on which interest is payable on such LIBO Rate Advance. A certificate of the Lender setting forth the amount to which the Lender is then entitled under this Section 2.08(e) shall be conclusive and binding on the Borrower in the absence of manifest error.

(f) All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBO Rate and computations of interest pursuant to Section 2.08(e) shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

SECTION 2.09. ALTERNATE RATE OF INTEREST. If prior to the commencement of any Interest Period for a LIBO Rate Advance the Lender determines (which determination shall be conclusive absent manifest error) that:

(a) adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to the Lender of making or maintaining such Advance for such Interest Period;

then the Lender shall give notice thereof to the Borrower by telephone or telecopy as promptly as practicable thereafter certifying the reasons for its determination and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, (i) any interest election request that requests the conversion of any Advance to, or continuation of any Advance as, a LIBO Rate Advance shall be ineffective and (ii) if any notice of Advance requests a LIBO Rate Advance, such Advance shall be made as a Base Rate Advance.

SECTION 2.10. INCREASED COSTS.

(a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements included in the LIBO Rate Reserve Percentage) in or in the interpretation of (to the extent any such introduction or change occurs after the date hereof) any law or regulation or (ii) the compliance with any guideline or request of any central bank or other governmental authority adopted or made after the date hereof (whether or not having the force of law), there shall be any increase in the cost to the Lender of agreeing to make or making, funding or maintaining LIBO Rate Advances, the Borrower shall from time to time, within 30 days after delivery by the Lender to the Borrower of a certificate as to such change or required compliance and the amount of such increased cost, pay to the Lender the amount of the increased costs set forth in such certificate (which certificate shall be conclusive and binding on the Borrower in the absence of manifest error).

(b) If the Lender determines that compliance with any law or regulation enacted or introduced after the date hereof or any guideline or request of any central bank or other governmental authority adopted or made after the date hereof (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by the Lender or any corporation controlling the Lender and that the amount of such capital is increased by or based upon the existence of the Lender's Commitment and other commitments of this type, or the Advances, then, the Borrower shall, within 30 days after delivery by the Lender to the Borrower of a certificate as to such required compliance, pay to the Lender the amount required to compensate the Lender therefor (a certificate of the Lender as to such amount to be conclusive and binding on the Borrower in the absence of manifest error).

SECTION 2.11. BREAK FUNDING PAYMENTS. In the event of (a) the payment of any principal of any LIBO Rate Advance other than on the last day of an Interest Period therefor (including without limitation as a result of an Event of Default), (b) the conversion of any LIBO Rate Advance other than on the last day of an Interest Period therefor or (c) the failure to borrow, convert, continue or prepay any Advance on the date specified in any notice delivered pursuant hereto, then, in any such event, the Borrower shall compensate the Lender for the loss, cost and expense attributable to such event, which shall be the amount, as reasonably determined by the Lender, equal to the excess, if any, of (i) the LIBO Rate for the balance of such Interest Period (or for the Interest Period that would have commenced on such borrowing, conversion, continuation or prepayment), over (ii) the amount of interest that the Lender would earn on such principal amount for the balance of such Interest Period (or for such Interest Period) if the Lender were to invest such principal amount for such period at the interest rate that would be bid by the Lender (or an Affiliate of the Lender) for Dollar deposits from other banks in the Eurodollar market at the commencement of such period. A certificate of the Lender setting forth any amount or amounts that the Lender is entitled to receive pursuant to this Section 2.11 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 15 days after receipt thereof.

SECTION 2.12. TAXES.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; PROVIDED, that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.12) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant governmental authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant governmental authority in accordance with applicable law.

(c) The Borrower shall indemnify the Lender, within 15 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.12) paid by the Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant governmental authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a governmental authority, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such governmental authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(e) The Lender agrees to use reasonable efforts, consistent in its opinion with applicable law and with its policies, to minimize to the extent reasonably possible any applicable Taxes.

SECTION 2.13. PAYMENTS GENERALLY.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.10, 2.11 or 2.12, or otherwise) prior to 12:00 noon (New York City time) on the date when due, in Dollars and immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender at its office at 399 Park Avenue, New York, New York 10043. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

(b) If at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied first, to pay interest then due hereunder, then to pay fees and other amounts (other than principal) hereunder, then to pay principal due hereunder.

(c) Without limiting any of the obligations of the Borrower or the rights of the Lender hereunder, if the Borrower shall fail to pay when due (whether at stated maturity, by acceleration or otherwise) any amount payable by it hereunder or under the Note, the Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, without prior notice to the Borrower (which notice is expressly waived by the Borrower to the fullest extent permitted by applicable law), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final, in any currency, matured or unmatured) with, and any other obligations at any time held or owing by, the Lender or any branch or agency thereof to or for the credit or account of the Borrower. The Lender shall promptly provide notice to the Borrower of such set-off; PROVIDED, that failure by the Lender to provide such notice to the Borrower shall not give the Borrower any cause of action or right to damages or affect the validity of such set-off and application. The rights of the Lender under this Section are in addition to any other rights and remedies (including, without limitation, any other rights of set-off) that the Lender may have.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. CONDITION PRECEDENT TO INITIAL ADVANCE. The obligation of the Lender to make its initial Advance is subject to the condition precedent that the Lender shall have received, on or before November 23, 1999, the following documents, each (unless otherwise specified below) dated the Closing Date and in form and substance satisfactory to the Lender:

(a) The Note, duly executed by the Borrower, payable to the order of the Lender in the principal amount of the Commitment.

(b) Certified copies of (x) the charter and by-laws of the Borrower (or equivalent documents) of the Borrower, (y) the resolutions of the Board of Directors of the Borrower authorizing and approving this Agreement and the Note and (z) all documents evidencing other necessary corporate action, if any, with respect to this Agreement and the Note.

(c) A certificate of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement, the Note and any other documents to be delivered hereunder.

(d) A certificate of the Secretary of the State of New York dated a date reasonably close to the date hereof as to the good standing of and charter documents filed by the Borrower.

(e) A favorable written opinion of Richard A. Lammert, Esq., Senior Vice President and General Counsel of the Borrower, covering such matters relating to this Agreement and the Note as the Lender may require.

(f) A favorable written opinion of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel for the Lender, covering such matters relating to the transactions contemplated hereby as the Lender may require.

SECTION 3.02. CONDITIONS PRECEDENT TO EACH ADVANCE. The obligation of the Lender to make each Advance (including, without limitation, the initial Advance) shall be subject to the further conditions precedent that on the date of such Advance (a) the representations and warranties set forth in Article IV are true and correct on and as of the date of such Advance, before and after giving effect to such Advance and to the application of the proceeds thereof, as though made on and as of such date and (b) no Default has occurred and is continuing, or would result from such Advance or from the application of the proceeds thereof.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

SECTION 4.01. ORGANIZATION; POWERS. Each of the Borrower and each Significant Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 4.02. AUTHORIZATION; ENFORCEABILITY. The execution, delivery and performance of this Agreement and the Note by the Borrower are within the Borrower's corporate powers and have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and the Note when duly executed and delivered for value will constitute, a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 4.03. GOVERNMENT APPROVALS; NO CONFLICTS. The execution, delivery and performance of this Agreement and the Note by the Borrower (a) do not require any consent or approval of, registration or filing with, or any other action by, any governmental authority, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any Subsidiary, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any Subsidiary and (d)

will not result in the creation or imposition of any Lien on any asset of the Borrower or any Subsidiary.

SECTION 4.04. FINANCIAL CONDITION; NO MATERIAL ADVERSE CHANGE. The Borrower has heretofore furnished to the Lender its audited consolidated balance sheet and statements of income, stockholders' equity and cash flows as of and for the fiscal year ended December 31, 1998, with the opinion thereon of Pricewaterhouse Coopers LLP. Such financial statements present fairly the consolidated financial position and consolidated results of operations and cash flows of the Borrower and its Consolidated Subsidiaries as of such date and for such period in accordance with GAAP. Since December 31, 1998, no event or circumstance has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 4.05. YEAR 2000. The Borrower has reviewed and is currently completing a detailed analysis of its operations with a view to assessing whether it or any Subsidiary will be vulnerable to a Year 2000 Problem. Based on such review, the Borrower does not believe that a Material Adverse Effect will result from a Year 2000 Problem.

SECTION 4.06. LITIGATION. There are no actions, suits or proceedings by or before any arbitrator or governmental authority now pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement or the Note or the transactions contemplated hereby or thereby.

SECTION 4.07. COMPLIANCE WITH LAWS AND AGREEMENTS. The Borrower and each Significant Subsidiary are in compliance with all applicable laws (including without limitation Environmental Laws, Tax laws and ERISA), regulations and orders of any governmental authority and all indentures, agreements and other instruments to which any of them is a party, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 4.08. INVESTMENT AND HOLDING COMPANY STATUS. Neither the Borrower nor any Significant Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 4.09. MARGIN REGULATIONS. On the date hereof and immediately after applying the proceeds of each Advance, not more than 25% of the value of the assets subject to Section 5.01(j) or Section 5.01(l) hereof is represented by margin stock as defined in Regulation U or X of the Board of Governors of the Federal Reserve System.

SECTION 4.10. TAXES. The Borrower and each Significant Subsidiary have filed (or have obtained extensions of the time by which they are required to file) all United States Federal income Tax returns and all other material Tax returns required to be filed by them and have paid all Taxes shown due on the returns so filed as well as all other material Taxes, assessments and governmental charges which have become due, except such Taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided.

SECTION 4.11. ENVIRONMENTAL MATTERS. Each of the Borrower and each Significant Subsidiary has obtained all environmental, health and safety permits, licenses and other authorizations required under all Environmental Laws to carry on its business as now being or as proposed to be conducted, except to the extent failure to have any such permit, license or authorization could not reasonably be expected to have a Material Adverse Effect. Each of such permits, licenses and authorizations is in full force and effect and each of the Borrower and each Significant Subsidiary is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply therewith could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

SECTION 4.12. EXISTING AGREEMENT. Schedule I hereto is a complete and correct list of each credit agreement, loan agreement, indenture or other similar arrangement providing for or otherwise relating to any Debt or any extension of credit (or commitment for any extension of credit) to the Borrower or any Significant Subsidiary outstanding on the date hereof.

SECTION 4.13. SOLVENCY. The Borrower is and, after giving effect to each Advance and the use of proceeds thereof, will be Solvent.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. GENERAL COVENANTS. So long as any principal of or interest on any Advance or any other amount payable hereunder or under the Note remains outstanding or the Commitment remains in effect, the Borrower covenants and agrees that:

(a) The Borrower will, and will cause each Significant Subsidiary to, do or cause to be done all things necessary (i) to preserve its legal existence and (ii) to preserve, renew and keep in full force and effect in all material respects the rights, licenses, permits, privileges and franchises material to the conduct of its business; PROVIDED, that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 5.01(j).

(b) The Borrower will, and will cause each Significant Subsidiary to, pay its obligations, including Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Significant Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

(c) The Borrower will, and will cause each Significant Subsidiary to, comply with all applicable laws, statutes, rules, regulations and orders of, including without limitation all

applicable Environmental Laws, Tax laws and ERISA, except for any non-compliance which could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

(d) The Borrower will, and will cause each Significant Subsidiary to, keep adequate records and books of account, in which complete entries will be made in accordance with GAAP, and permit representatives of the Lender, upon reasonable prior notice, to examine, copy and make extracts from its books and records, to inspect any of its property, and to discuss its business and affairs with its officers, all at such reasonable times and as often as reasonably requested by the Lender.

(e) The Borrower will, and will cause each Significant Subsidiary to, preserve and maintain its property in good repair, working order and condition and from time to time make all needful and proper repairs, renewals, replacements, additions, betterments and improvements thereto, except in each case where the failure to do so could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

(f) The Borrower will, and will cause each Significant Subsidiary to, maintain insurance with financially sound and reputable insurance companies, and with respect to property and risks of a character usually maintained by corporations engaged in the same or similar business similarly situated, against loss, damage and liability of the kinds and in the amounts customarily maintained by such corporations.

(g) The Borrower will furnish to the Lender:

(i) as soon as available and in any event within 100 days after the end of each fiscal year of the Borrower, the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such year and the consolidated statements of income and cash flows of the Borrower and its Consolidated Subsidiaries for such year, with the unqualified opinion thereon of an independent public accountant of recognized national standing;

(ii) as soon as available and in any event within 55 days after the end of each of the first three fiscal quarters of the Borrower, consolidated statements of income, retained earnings and cash flow of the Borrower and its Consolidated Subsidiaries for such fiscal quarter and for the portion of the fiscal year ended at the end of such fiscal quarter, and the related consolidated balance sheet as at the end of such fiscal quarter, setting forth in each case in comparative form the corresponding figures for the previous fiscal year and accompanied, in each case, by a certificate of the chief financial officer of the Borrower which certificate shall state that said consolidated financial statements fairly present the consolidated financial condition and results of operations of the Borrower and its Consolidated Subsidiaries in accordance with GAAP (except for the absence of footnotes) consistently applied as at the end of, and for, such fiscal quarter (subject to normal year-end audit adjustments);

(iii) as soon as possible and in any event within five days after the occurrence of any Default, a statement of the chief financial officer of the Borrower setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(iv) promptly upon their becoming available, the "Consolidated Reports of Condition and Income" of the Bank Subsidiaries, the "Parent Company Only Financial Statements for Bank Holding Companies" (report no. FR Y-9LP or any successor form of the Federal Reserve System) of the Borrower and the "Consolidated Financial Statements for Bank Holding Companies" (report no. FR Y-9C) of the Borrower;

(v) promptly upon the mailing thereof to the shareholders of the Borrower generally, copies of all financial statements, reports and proxy statements so mailed;

(vi) as soon as possible, and in any event within ten days after the Borrower knows or has reason to know that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan have occurred or exist, a statement signed by a senior financial officer of the Borrower setting forth details respecting such event or condition and the action, if any, which the Borrower or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by the Borrower or an ERISA Affiliate with respect to such event or condition):

(i) any reportable event, as defined in Section 4043(c) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which PBGC has not by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event (PROVIDED, that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code);

(ii) the distribution under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan, other than a Plan separately maintained by an entity that becomes an ERISA Affiliate after the date hereof and which has been an ERISA Affiliate for less than one year at the time such notice of intent is filed; PROVIDED, that such notice does not relate to a "distress termination" described in Section 4041(c) of ERISA;

(iii) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Borrower or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal by the Borrower or any ERISA Affiliate under Section 4201 or 4204 of ERISA from a Multiemployer Plan, or the receipt

by the Borrower or any ERISA Affiliate of notice from a Multiemployer Plan that is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA; and

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against the Borrower or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days;

(vii) promptly after the sending or filing thereof, copies of all reports and registration statements which the Borrower files with the Securities and Exchange Commission or any national securities exchange;

(viii) promptly upon the Borrower determining that there has been the occurrence of any Change in Control or upon the Borrower's ceasing to own, beneficially and of record, at least a majority of the issued and outstanding shares of Voting Stock of any Significant Subsidiary, notice of such event together a reasonably detailed description of such transaction; and

(ix) such other information respecting the condition or operations, financial or otherwise, of the Borrower as the Lender may from time to time reasonably request.

(h) The Borrower shall promptly give to the Lender notice of all legal or arbitral proceedings, and of all proceedings by or before any governmental or regulatory authority or agency, affecting the Borrower or any Significant Subsidiary, except proceedings which would not be likely to have a Material Adverse Effect.

(i) The Borrower will use the proceeds of the Advances for its general corporate purposes, including as commercial paper backstop, and/or to finance the repurchase or redemption of outstanding shares of capital stock of the Borrower, in compliance with all applicable laws; PROVIDED, that the Lender shall have no responsibility as to the use of any of such proceeds.

(j) The Borrower shall not sell or otherwise dispose of all or any substantial portion of the shares of the capital stock of any of its Significant Subsidiaries, and neither the Borrower nor any of its Significant Subsidiaries shall sell, lease or otherwise dispose of all or any substantial portion of their assets other than in the ordinary course of business, or liquidate, merge or consolidate with or into any other Person; PROVIDED, that the Borrower may merge or consolidate with or into another Person if no Default or Change in Control has occurred and is continuing or would result from such merger or consolidation and if the Borrower is the surviving company; and PROVIDED, further, that any Subsidiary may merge or consolidate with or into another Person if no Default or Change in Control has occurred and is continuing or would result from such merger or consolidation and if the Subsidiary is the surviving company; and PROVIDED, further, that any Subsidiary may be liquidated if the net assets of such Subsidiary are distributed to the Borrower or another Subsidiary. The Borrower will not, and will not permit any Significant Subsidiary to, engage to any material extent in any business other than businesses of the types conducted by the Borrower and its Significant Subsidiaries on the date

hereof and businesses which are otherwise permitted to them under the applicable provisions of the Bank Holding Company Act of 1956, as amended, the New York Banking Law, the National Bank Act, the Federal Reserve Act or other applicable laws.

(k) The Borrower will not, and will not permit any Significant Subsidiary to, at any time create, assume or suffer to exist any Lien upon or with respect to any of the capital stock of any Significant Subsidiary.

(l) The Borrower will not, nor will it permit any Significant Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except the following (each, a "PERMITTED LIEN"):

(i) Liens in existence on the date hereof and listed in Schedule I hereto;

(ii) Liens imposed by any governmental authority for Taxes, assessments or charges not yet due or that are being contested in good faith and by appropriate proceedings if, unless the amount thereof is not material with respect to it or its financial condition, adequate reserves with respect thereto are maintained on the books of the Borrower or its Significant Subsidiary, as the case may be, in accordance with GAAP;

(iii) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings and Liens securing judgments but only to the extent for an amount and for a period not resulting in an Event of Default under Section 6.01(f) hereof;

(iv) pledges or deposits under worker's compensation, unemployment insurance and other social security legislation;

(v) deposits to secure the performance of bids, trade contracts (other than for Debt) leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(vi) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto that, in the aggregate, are not material in amount, and that do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any Significant Subsidiary;

(vii) Liens arising under escrows, trusts, custodianships, separate accounts, funds withheld procedures, and similar deposits, arrangements, or agreements established with respect to insurance policies, annuities, guaranteed investment contracts and similar products underwritten by, or reinsurance agreements entered into by, any Insurance Subsidiary in the ordinary course of business;

(viii) Liens on property of any corporation that becomes a Significant Subsidiary of the Borrower after the date hereof; PROVIDED, that such Liens are in existence at the time such corporation becomes a Significant Subsidiary of the Borrower and were not created in anticipation thereof;

(ix) Liens upon real and/or tangible personal property acquired after the date hereof (by purchase, construction or otherwise) by the Borrower or any Significant Subsidiary, each of which Liens either (A) existed on such property before the time of its acquisition and was not created in anticipation thereof or (B) was created solely for the purpose of securing Debt representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of such property; PROVIDED, that (i) no such Lien shall extend to or cover any property of the Borrower or such Significant Subsidiary other than the property so acquired and improvements thereon and (ii) the principal amount of Debt secured by any such Lien shall at no time exceed 80% of the fair market value (as determined in good faith by a senior financial officer of the Borrower) of such property at the time it was acquired (by purchase, construction or otherwise);

(x) judgment and other similar Liens arising in connection with court proceedings, PROVIDED, that the execution or other enforcement of such judgment or other similar Lien is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings (without prejudice to Section 6.01(f));

(xi) rights of lessors under capitalized leases;

(xii) Liens on its assets created in connection with the refinancing of indebtedness secured by Permitted Liens on such assets, PROVIDED, that the amount of indebtedness secured by any such Lien shall not be increased as a result of such refinancing and no such Liens shall extend to property and assets of the Borrower or any Significant Subsidiary not encumbered prior to any such refinancing;

(xiii) Liens incurred in connection with repurchase agreements; Liens incurred in connection with asset securitizations; Liens granted to a Federal Reserve Bank or a Federal Home Loan Bank to secure advances or other transactions incidental to the banking business of the Borrower or any Significant Subsidiary, including loans to meet liquidity requirements; and

(xiv) Liens securing obligations of a Significant Subsidiary to the Borrower or another Significant Subsidiary.

(m) The Borrower will not, and will not permit any Significant Subsidiary to, enter into, incur or permit to exist any indenture, agreement, instrument or other contractual arrangement that, directly or indirectly, prohibits or restricts, or has the effect of prohibiting or restricting, or imposes any condition upon the ability of such Significant Subsidiary to declare or pay any dividend or other distribution on any class of its stock to the Borrower.

(n) The Borrower will take all action reasonable necessary to ensure that a Year 2000 Problem does not occur.

(o) The Borrower will not, and will not permit any Significant Subsidiary to, directly or indirectly, (a) make any capital contribution or extension of credit to an Affiliate, (b) transfer, sell, lease, assign or otherwise dispose of any assets to an Affiliate, (c) merge into or consolidate with an Affiliate except as explicitly permitted by Section 5.01(j), or purchase or acquire assets from an Affiliate or (d) enter into any other transaction, directly or indirectly, with or for the benefit of an Affiliate (including, without limitations, guarantees and assumptions of obligations of an Affiliate), other than transactions (excluding credit extended by the Borrower or any Significant Subsidiary to an Affiliate) entered into on an arm's-length basis, on terms no more favorable to such Affiliate than would be available to unrelated Persons; PROVIDED, that this Section 5.01(o) shall not prevent the Borrower or any Significant Subsidiary from entering into transactions with (i) any Affiliate the shares of which have been acquired by the Borrower or such Subsidiary in satisfaction of a debt previously contracted in good faith if such transactions are reasonably determined by the Borrower or such Subsidiary to be necessary or appropriate in connection with the ownership or disposition of such shares or (ii) any Affiliate that is a venture capital investment in which the Borrower may invest under applicable banking regulations if such transactions are reasonably determined by the Borrower or such Subsidiary to be necessary or appropriate in furtherance of such investment, PROVIDED that in any such case the relevant transactions under this proviso, individually or in the aggregate, would not have a Material Adverse Effect.

SECTION 5.02. FINANCIAL COVENANTS.

(a) The Borrower shall not permit its Double Leverage Ratio at any time to be greater than 1.25 to 1.0.

(b) The Borrower shall not permit its Consolidated Tangible Net Worth to be at any time less than the higher of (i) $1,000,000,000 and (ii) 5% of Consolidated Total Tangible Assets at such time.

(c) The Borrower shall not permit its Non-Performing Asset Coverage Ratio on any date to be less than 2.5 to 1.0.

(d) The Borrower will, and will cause each Bank Subsidiary to, maintain at all times such amount of capital as may be prescribed by the Board of Governors of the Federal Reserve System (in the case of the Borrower and any state member bank Subsidiary) or the Comptroller of the Currency (in the case of any national bank Subsidiary), as the case may be, from time to time, whether by regulation, agreement or order. The Borrower shall at all times ensure that each Insured Subsidiary shall be "adequately capitalized" within the meaning of 12 U.S.C. Section 1831o, as amended, reenacted or redesignated from time to time.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. EVENTS OF DEFAULT. If any of the following events ("EVENTS OF DEFAULT") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or any fee or other amount whatsoever payable hereunder or under the Note when due and such failure remains unremedied for three Business Days; or

(b) Any representation or warranty made by the Borrower herein or in any certificate or other document delivered in connection with this Agreement shall prove to have been incorrect in any material respect when made or deemed made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in (i) Sections 5.01(a), 5.01(g), 5.01(h), 5.01(i), 5.01(j), 5.01(k), 5.01(l), 5.01(n), 5.01(o), 5.02, or (ii) the Borrower shall fail to perform or observe any other term or covenant in this Agreement on its part to be performed or observed and such failure remains unremedied for thirty Business Days after notice thereof shall have been given to the Borrower by the Lender; or

(d) The Borrower or any Significant Subsidiary shall fail to pay any principal of or premium or interest on any other Debt of the Borrower or any Debt of such Significant Subsidiary having an aggregate outstanding principal amount of $10,000,000 or more ("MATERIAL DEBT") when the same becomes due and payable, and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Material Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Material Debt; or any such Material Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Material Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Borrower or any Significant Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or such Significant Subsidiary seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency, moratorium or reorganization or relief of debtors, or liquidation or winding up, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and such proceeding shall

remain undismissed or unstayed for a period of 60 days; or the Borrower or any Significant Subsidiary shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of $10,000,000 shall be rendered against the Borrower or any Significant Subsidiary and shall remain unsatisfied, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order and such proceedings shall not have been stayed or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) The Borrower shall incur liability to a Plan, a Multiemployer Plan or the PBGC (or any combination of the foregoing) that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; or

(h) Any Bank Subsidiary shall cease accepting deposits on the instruction of any Federal, state or other regulatory body with authority to give such instruction other than pursuant to an instruction applicable to national banks generally or a substantial portion thereof or banks located in a particular state or substantial portion thereof; or any Federal or state regulatory authority having jurisdiction to regulate any Bank Subsidiary shall, pursuant to any Federal or state statute, notify such Bank Subsidiary, that such Bank Subsidiary's capital stock has become impaired; or any Bank Subsidiary shall cease to be an insured bank under the Federal Deposit Insurance Act, as amended, and the rules and regulations promulgated thereunder; or any Insured Subsidiary as of the date hereof shall be required (whether or not the time allowed by the appropriate Federal banking agency for the submission of such plan has been established or elapsed) to submit a capital restoration plan of the type referred to in 12 U.S.C. Section 1831o(b)(2)(C), as amended, reenacted or redesignated from time to time; or the Borrower shall guarantee in writing (voluntarily or otherwise) the capital of any Insured Subsidiary as part of or in connection with any agreement or arrangement with any Federal banking agency other than in connection with obtaining regulatory approval for the acquisition of such Insured Subsidiary;

then, and in any such event, the Lender may, by notice to the Borrower, (i) declare the obligation of the Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and/or (ii) declare the Advances and the Note, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances and the Note, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; PROVIDED, HOWEVER, that in the event of an entry of an order for relief with respect to the Borrower described in clause (e) of this Section, (A) the obligation of the Lender to make Advances shall automatically be terminated and (B) the Advances and the Note, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. AMENDMENTS, ETC. No amendment or waiver of any provision of this Agreement or the Note, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. This Agreement and the Note and the documents referred to herein and therein constitute the entire agreement of the parties with respect to the subject matter hereof and thereof.

SECTION 7.02. NOTICES, ETC. All notices and other communications provided for hereunder shall be in writing (including telecopier communication) and mailed, telecopied or delivered, to the respective addresses set forth on the signature pages hereof or at such other address as shall be designated by any party in a written notice to the other party. All such notices and communications shall, when mailed or telecopied, be effective when deposited in the mails or telecopied, respectively, except that notices and communications to the Lender pursuant to Article II or VII shall not be effective until received by the Lender.

SECTION 7.03. NO WAIVER; REMEDIES. No failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder or under the Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 7.04. COSTS, EXPENSES AND INDEMNIFICATION.

(a) The Borrower agrees to pay and reimburse to the Lender on demand for reasonable costs and expenses incurred by the Lender in connection with the preparation, negotiation, execution and delivery and administration of this Agreement, the Note and the other documents to be delivered hereunder and (subject to such limitation as has heretofore been agreed) and the modification, amendment or enforcement thereof, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Lender with respect thereto and with respect to advising the Lender as to its rights and responsibilities under or in connection with this Agreement.

(b) The Borrower hereby indemnifies the Lender and each of its Affiliates and their respective officers, directors, employees, agents, advisors and representatives (each, an "INDEMNIFIED PARTY") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement or the transactions contemplated hereby or any use made or proposed to be made with the proceeds of the Advances, whether or not such investigation, litigation or proceeding is brought by the Borrower, any of its shareholders or creditors, an Indemnified Party or any other

Person, or an Indemnified Party is otherwise a party thereto, and whether or not any of the conditions precedent set forth in Article III are satisfied or the other transactions contemplated by this Agreement are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

SECTION 7.05. ASSIGNMENTS AND PARTICIPATIONS.

(a) The Lender may, with the consent of the Borrower (which shall not be unreasonably withheld), assign to another Person all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of the Commitment, the Advances and the Note); PROVIDED, HOWEVER, that no such consent by the Borrower shall be required in the case of any assignment to an Affiliate of the Lender; and PROVIDED, FURTHER, that any such partial assignment shall be in an amount at least equal to $5,000,000 or in an integral multiple of $1,000,000 in excess thereof.

(b) The Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances and the Note); PROVIDED, HOWEVER, that the Lender's obligations under this Agreement (including, without limitation, its Commitment hereunder) shall remain unchanged.

(c) The Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 7.05, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower or any of its Subsidiaries furnished to the Lender by or on behalf of the Borrower.

(d) Notwithstanding any other provision set forth in this Agreement, the Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances and the Note) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

(e) All amounts payable by the Borrower to the Lender under Sections 2.08(e), 2.10, 2.11, 2.12 and 7.04(b) shall be determined as if the Lender had not sold or agreed to sell any participations in the Advances or the Note or its Commitment and as if the Lender were funding each of such Advances and Commitment in the same way that it is funding the portion of such Advances and Commitment in which no participations have been sold.

SECTION 7.06. GOVERNING LAW; SUBMISSION TO JURISDICTION. This Agreement and the Note shall be governed by, and construed in accordance with, the law of the State of New York. The Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York County for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Borrower irrevocably waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 7.07. SEVERABILITY. In case any provision in this Agreement or in the Note shall be held to be invalid, illegal or unenforceable, such provision shall be severable from the rest of this Agreement or the Note, as the case may be, and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 7.08. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 7.09. SURVIVAL. The obligations of the Borrower under Sections 2.08(e), 2.10, 2.11, 2.12 and 7.04 shall survive the repayment of the Advances and the termination of the Commitment. Each representation and warranty made or deemed to be made herein or pursuant hereto shall survive the making of such representation and warranty, and the Lender shall not be deemed to have waived, by reason of making any Advance, any Default or Event of Default that may arise by reason of such representation or warranty proving to have been false or misleading.

SECTION 7.10. WAIVER OF JURY TRIAL. EACH OF THE BORROWER AND THE LENDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 7.11 NO FIDUCIARY RELATIONSHIP. The Borrower acknowledges that the Lender has no fiduciary relationship with, or fiduciary duty to, the Borrower arising out of or in connection with this Agreement or the Note, and the relationship between the Lender and the Borrower is solely that of creditor and debtor. This Agreement does not create a joint venture among the parties.

SECTION 7.12 NO RELIANCE. The Lender represents and warrants that it in good faith has not relied and will not rely upon any margin stock as collateral in entering into this Agreement or making or maintaining the Advances.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

M & T BANK CORPORATION

By /s/ GARY S. PAUL
Name: Gary S. Paul
Title: Senior Vice President

Address for Notices:

M&T Bank Corporation
One M&T Plaza
Buffalo, NY 14240
Attention: Chief Financial Officer
Telephone: (716) 842-5844
Fax: (716) 842-5220

CITIBANK, N.A.

By /s/ KEITH W. WAITT
Name: Keith W. Waitt
Title: Senior Credit Risk Manager

Applicable Lending Office:

399 Park Avenue
New York, NY 10043
Attention: Bernard Cuda
Telephone: (212) 559-6347
Facsimile: (212) 793-5904

SCHEDULE I

EXISTING CREDIT AGREEMENTS; EXISTING LIENS

M&T Bank Corporation(1)
Existing Agreements

(in thousands)	BALANCE 9/30/99
SHORT-TERM BORROWINGS	
Federal Funds Purchased and repurchase agreements	$1,370,044
Term Federal Funds	$50,000
Advances from Federal Home Loan Banks:	
Funds purchased	$250,000
Variable rates	$71,000
Other	$88,987
Total Short-Term Borrowings	$1,830,031
LONG-TERM BORROWINGS	
Subordinated notes of Manufacturers and Traders Trust Company:	
8 1/8% due 2002	$75,000
7% due 2005	$100,000
Preferred capital securities:	
First Empire Capital Trust I - 8.234%	$150,000
First Empire Capital Trust II - 8.277%	$100,000
OnBank Capital Trust I - 9.25%	$60,000
Advances from Federal Home Loan Banks:	
Variable rates	$1,175,000
Fixed rates	$90,563
Other	$24,334
Total Long-Term Borrowings	$1,774,897
$25 Million Revolving Credit Agreement between M&T Bank Corporation and BankBoston, N.A.(2)	$0
Unused portion of Federal Home Loan Bank Advances available	$48,300

(1) Schedule does not include intercompany borrowings
(2) Agreement to be terminated following the consummation of Citibank, N.A. Credit Agreement

EXHIBIT A

[FORM OF NOTE]

U.S.$30,000,000 Dated: _____ __, 1999

FOR VALUE RECEIVED, the undersigned, M & T BANK CORPORATION, a _____ corporation (the "BORROWER"), HEREBY PROMISES TO PAY to the order of CITIBANK, N.A. (the "LENDER") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) on the Commitment Termination Date (as so defined) the principal sum of U.S.$30,000,000 (THIRTY MILLION UNITED STATES DOLLARS) or, if less, the aggregate outstanding principal amount of the Advances (as defined below) pursuant to the Credit Agreement.

The Borrower promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America at the office of the Lender at 399 Park Avenue, New York, New York 10043, in same day funds. Each Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note; PROVIDED, that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This Note is the Note referred to in, and is entitled to the benefits of, the Credit Agreement dated as of November 19, 1999 (the "CREDIT AGREEMENT", the terms defined therein being used herein as therein defined) between the Borrower and the Lender. The Credit Agreement contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Note shall be governed by, and construed in accordance with, the law of the State of New York, United States.

M & T BANK CORPORATION

By_____
Name:
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount and Type of Advance	Amount of Principal Paid or Prepaid	Unpaid of Principal Balance	Notation Made By

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-32044 and 333-16077) of M&T Bank Corporation of our report dated January 10, 2000, relating to the Financial Statements, which appear in this Form 10-K. We also consent to the reference to us under the heading "Experts" in such Registration Statements.

/s/ PRICEWATERHOUSECOOPERS LLP

Buffalo, New York
February 24, 2000

Exhibit 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-12207, 33-58500, 33-63917, 333-43171, 333-43175 and 333-63985) of M&T Bank Corporation of our report dated January 10, 2000 relating to the Financial Statements, which appear in this Form 10-K. We also consent to the reference to us under the heading "Experts" in Registration Statements (Nos. 33-12207, 33-58500, 333-43171, 333-43175 and 333-63985).

/s/ PRICEWATERHOUSECOOPERS LLP

Buffalo, New York
February 24, 2000

Article 9 Financial Data Schedule for Form 10-K for the year ended December 31, 1999

YEAR	
DEC-31-1999	
DEC-31-1999	
	592,755
1,092	
643,555	
641,114	
1,680,760	
219,762	
218,100	
	17,572,861
	316,165
22,409,115	
	15,373,620
	2,554,159
909,157	
	1,775,133
0	
	0
	40,508
	1,756,538
22,409,115	
1,323,262	
127,638	
27,731	
1,478,631	
506,476	
719,234	
759,397	
	44,500
1,575	
578,958	
418,314	
265,626	
	0
	0
	265,626
	34.05
	32.83
	4.02
	61,816
	31,017
10,353	
	0
306,347	
59,655	
19,337	
316,165	
216,678	
0	
99,487	