

M&T BANK CORP
Form DEFM14A
November 05, 2002

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

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

- | | |
|--|---|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission Only |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | (as permitted by Rule 14a-6(e)(2)) |
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M&T BANK CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, If Other Than the Registrant)

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First mailed to M&T Shareholders on or about November 8, 2002

M&T BANK CORPORATION

November 5, 2002

Dear M&T Shareholder:

You are cordially invited to attend a special meeting of the shareholders of M&T Bank Corporation to be held on December 16, 2002 beginning at 11:00 a.m., local time, at M&T Center, One Fountain Plaza in Buffalo, New York.

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

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

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

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

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

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

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

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

Cordially,

Robert G. Wilmers
Chairman of the Board, President and
Chief Executive Officer

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M&T BANK CORPORATION

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

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
December 16, 2002**

To the Shareholders of M&T Bank Corporation:

A special meeting of shareholders of M&T Bank Corporation (M&T) will be held at M&T Center, One Fountain Plaza in Buffalo, New York on December 16, 2002 at 11:00 a.m., local time. At the special meeting you will be asked to:

1. Consider and vote upon a proposal to approve the issuance of 26,700,000 shares of M&T common stock to Allied Irish Banks, p.l.c. (AIB) in connection with an Agreement and Plan of Reorganization by and among M&T, AIB and Allfirst Financial Inc. (Allfirst) (the Reorganization Agreement) pursuant to which M&T will combine with Allfirst through the acquisition of all of the issued and outstanding shares of Allfirst in exchange for the issuance of 26,700,000 shares of M&T common stock and the payment of approximately \$886 million to AIB (the Exchange) promptly followed by the merger of Allfirst with and into M&T, with M&T being the surviving company; and
 2. Consider and vote upon a proposal to authorize an amendment to M&T 's certificate of incorporation to provide that certain bylaw provisions relating to rights granted to AIB in connection with the Exchange may only be amended by unanimous board consent or a supermajority vote of M&T 's shareholders which, if approved, will only be effective if the Exchange is completed. This proposal must be approved in order for M&T to be able to complete the Exchange; and
 3. Consider and vote upon a proposal to authorize an amendment to M&T 's certificate of incorporation to increase the number of authorized shares of M&T common stock from 150 million to 250 million which, if approved, will be effective whether or not the Exchange is completed; and
 4. Consider and vote upon the adjournment of the special meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of any or all of the above matters presented at the special meeting to approve those matters.
- You may vote at the special meeting if you owned M&T common stock at the close of business on October 28, 2002.

By Order of the Board of Directors

Marie King
Corporate Secretary

Buffalo, New York
November 5, 2002.

IMPORTANT

Your vote is important. In order to assure your representation at the M&T meeting, please mark, sign, date and return the enclosed proxy as soon as possible in the enclosed envelope. No postage is required for mailing in the United States. You may also vote your proxy by telephone or Internet, as explained on the proxy card.

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SUMMARY

This summary does not contain all of the information that is important to you. You should carefully read this entire document and the documents to which you have been referred in order to understand fully the Exchange and to obtain a more complete description of the Exchange. See WHERE YOU CAN FIND MORE INFORMATION (Page 48).

The Companies (Page 12)

M&T Bank Corporation

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

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

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

Allfirst Financial Inc.

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

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

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

Allied Irish Banks, p.l.c.

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

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

The Combined Company

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

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

The Reorganization Agreement and the Exchange (Page 16)

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

In the proposed transaction, M&T will combine with Allfirst through M&T's acquisition of all of the issued and outstanding Allfirst stock in exchange for 26,700,000 shares of M&T common stock and \$886,107,000 in cash to be issued or paid to AIB and, as part of the proposed transaction, Allfirst will merge with and into M&T, with M&T being the surviving entity. Subsequently, Allfirst Bank will merge with and into M&T Bank, with M&T Bank being the surviving bank and continuing the banking operations of the combined bank.

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

The Shareholders Meeting (Page 13)

The special meeting of M&T shareholders will be held at M&T Center, One Fountain Plaza, Buffalo, New York on December 16, 2002 at 11:00 a.m. local time. At the special meeting, you will be asked to consider and approve four matters. First, you will be asked to approve the issuance of 26,700,000 shares of M&T common stock in connection with the Exchange. Second, you will be asked to approve authorization of an amendment to the certificate of incorporation adding certain higher voting requirements in order to make modifications to new bylaws relating to AIB's governance rights that M&T will adopt prior to completion of the Exchange. Third, you will be asked to approve authorization of an amendment to the certificate of incorporation authorizing an increase of the authorized shares of M&T common stock from 150 million to 250 million. Approval of the first two matters (the share issuance and the first certificate amendment pursuant to the Reorganization Agreement) are conditions to completion of the proposed transaction, but approval of the increase in the number of authorized shares of M&T common stock is not a condition to completion of the proposed transaction. Fourth, you will be asked to approve the adjournment of the special meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of any or all of the above matters presented to you to approve those matters.

You may vote at the special meeting if you owned M&T common stock at the close of business on October 28, 2002. You may vote in person or by returning the proxy card accompanying this document. You may also vote your proxy by telephone or Internet, as explained on the proxy card.

Votes Required (Page 14)

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

As of October 28, 2002, M&T's directors and executive officers and related parties had the power to vote 10,271,844 shares of M&T common stock, representing approximately 11.2% of the shares of M&T common stock then issued and outstanding. Each of the directors and executive officers is expected to vote his or her shares for approval of the issuance of the shares of M&T common stock in connection with the Exchange, the amendments to M&T's certificate of incorporation and the adjournment of the special meeting to a later date, if necessary. Messrs. Robert G. Wilmers and Jorge G. Pereira have entered into Voting Support Agreements pursuant to the terms of the Reorganization Agreement. Pursuant to these voting agreements, they have agreed to vote their shares of M&T common stock for approval of the issuance of the shares of M&T common stock in connection with the Exchange, the amendments to M&T's certificate of incorporation and the adjournment of the special meeting to a later date, if necessary.

In addition, as of the same date, the trust department of M&T Bank, as fiduciary, custodian or agent, had the power to vote 3,476,499 shares of M&T common stock, representing approximately 3.8% of the issued and outstanding shares of M&T

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common stock. The trust department will vote these shares in accordance with the terms of the respective governing documents, applicable law and the trust department's fiduciary policies. The trust department will make a determination as to how it will vote these shares following receipt of this document.

Reasons for the Exchange (Page 16)

M&T's board believes that combining M&T and Allfirst will create a new, stronger company that will provide significant benefits to shareholders and customers of the combined company. The combined company should be able to reduce duplicative costs and provide a broader range of products and services throughout the combined service area. M&T's board believes that combining M&T and Allfirst will enable the combined company to better succeed in growing revenues than if M&T and Allfirst did not combine. M&T's board also believes that the Exchange will make M&T a stronger competitor in the increasingly changing and more competitive financial services industry. To review the board's reasons for the Exchange in greater detail, as well as how the board came to agree on the Exchange with Allfirst, please see pages 17 through 19.

Your Board of Directors' Recommendation to M&T Shareholders (Page 19)

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

The Consideration to be Paid by M&T is Fair, From a Financial Point of View, According to M&T's Financial Advisor (Page 19)

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

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

Relationship of M&T and AIB after the Exchange (Page 27)

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

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

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

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

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

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

What the Parties Need to do Before the Exchange Can Be Completed (Pages 33 and 35)

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

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

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

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

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

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

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

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

Generally, M&T, AIB and Allfirst can, should they choose, waive conditions to their respective obligations to complete the Exchange. Some conditions, however, cannot be waived, including shareholder and regulatory approvals.

Terminating the Agreement (Page 37)

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

mutual consent of M&T, AIB and Allfirst;

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

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

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

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

Amending the Agreement (Page 37)

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

Accounting Treatment of the Exchange (Page 39)

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The Exchange will be accounted for as a purchase transaction under generally accepted accounting principles. This means that M&T will treat Allfirst and M&T as one company beginning on the date of the Exchange. M&T will record the fair market value of Allfirst's assets and liabilities on its

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

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

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

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

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

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

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SELECTED CONSOLIDATED FINANCIAL DATA

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

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

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

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

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

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

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

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

	For the Six Months Ended June 30, 2002	For the Year Ended December 31, 2001
SUMMARIZED INCOME STATEMENT DATA: (in thousands)		
Net interest income	\$ 844,205	\$ 1,634,067
Provision for credit losses	93,170	132,075
Other income	406,016	477,734
Other expense	769,502	1,575,644
Income taxes	116,286	128,469
	<u> </u>	<u> </u>
Net income	\$ 271,263	\$ 275,613
	<u> </u>	<u> </u>
PER SHARE DATA:		
Basic earnings	\$ 2.27	\$ 2.25
Diluted earnings	2.20	2.19
Book value at end of period	41.81	40.14
Cash dividends	0.50	1.00
WEIGHTED AVERAGE NUMBER OF SHARES: (in thousands)		
Basic	119,634	122,432
Diluted	123,039	125,724
AVERAGE BALANCE SHEET DATA: (in millions)		
Total assets	\$ 49,738	\$ 49,296
Total long-term borrowings	5,589	5,046
Stockholders equity	4,942	4,952

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MAP OF THE COMBINED COMPANY

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THE COMPANIES

M&T Bank Corporation

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

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

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

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

For additional information concerning the business of M&T and its financial condition, you should refer to M&T's documents incorporated in this document by reference. See **WHERE YOU CAN FIND MORE INFORMATION** and **DOCUMENTS INCORPORATED BY REFERENCE**.

Allfirst Financial Inc.

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

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full-service offices and approximately 600 ATMs in the mid-Atlantic region of the United States. Allied Irish Banks, p.l.c. (AIB) currently controls 100% of the voting power of Allfirst's outstanding capital stock.

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

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

Allied Irish Banks, p.l.c.

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

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

The Combined Company

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

THE SHAREHOLDERS MEETING

Date, Place and Time

The special meeting of M&T shareholders will be held at M&T Center, One Fountain Plaza in Buffalo, New York on December 16, 2002 at 11:00 a.m., local time.

Record Date; Voting Rights

The M&T record date will be the close of business on October 28, 2002. The M&T record date will be used for purposes of determining shareholders entitled to notice of, and to vote at, the special meeting. On the M&T record date, there were issued and outstanding 91,901,413 shares of M&T common stock entitled to vote at the special meeting. You, as a shareholder of M&T on the M&T record date, will be entitled to one vote for each share of M&T common stock held of record with respect to the issuance of M&T common stock

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

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

In order for the special meeting to take place, holders of a majority of M&T common stock outstanding on the M&T record date must attend the meeting either in person or by proxy. M&T intends to count shares of M&T common stock present in person at the special meeting but not voting, and shares of M&T common stock for which it has received proxies but with respect to which holders of such shares have abstained on any matter, as present at the special meeting for purposes of determining whether a quorum exists. In addition, under applicable NYSE rules, brokers who hold shares of M&T common stock in street name for customers, who are the beneficial owners of such shares, are prohibited, unless they have received specific instructions from their customers, from giving a proxy to vote shares held for such customers in favor of the approval of the issuance of M&T common stock in the Exchange or the proposed amendment to the M&T certificate of incorporation relating to the new bylaw provisions. These broker non-votes, if any, will be counted as present for determining the presence or absence of a quorum for the transaction of business at the special meeting. Brokers do not, however, need to obtain specific instructions from customers to vote proxies on the proposed amendment to the M&T certificate of incorporation providing for an increase in the number of authorized shares of M&T common stock or on the adjournment of the special meeting to a later date, if necessary.

Because the approval of the issuance of M&T common stock in the Exchange requires the affirmative vote of a majority of the votes cast by holders of M&T common stock eligible to vote at the special meeting, abstentions and broker non-votes will have no effect on that vote. The approval of the authorization of the amendment to the M&T certificate of incorporation relating to the new bylaw provisions requires the affirmative vote of a majority of all of the M&T shares entitled to vote at the special meeting and abstentions and broker non-votes will have the effect of a vote against that proposal. The approval of the amendment to M&T's certificate of incorporation providing for an increase in the number of authorized shares of M&T common stock requires the affirmative vote of a majority of all of the M&T shares entitled to vote at the special meeting and abstentions will have the effect of a vote against the proposal. Adjournment of the special meeting requires the affirmative vote of a majority of the votes cast by holders of M&T common stock eligible to vote at the special meeting and abstentions will have no effect on that vote.

As of October 28, 2002, M&T's directors and executive officers and related parties had the power to vote 10,271,844 shares of M&T common stock, representing approximately 11.2% of the shares of M&T common stock then issued and outstanding. Each of the directors and executive officers is expected to vote his or her shares for approval of the issuance of the shares of M&T common stock in connection with the

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

In addition, as of the same date, the trust department of M&T Bank, as fiduciary, custodian or agent, had the power to vote 3,476,499 shares of M&T common stock, representing approximately 3.8% of the then issued and outstanding M&T common stock. The trust department of M&T Bank will vote these shares in accordance with the terms of the respective governing documents, applicable law and the trust department's fiduciary policies. The trust department will make a determination as to how it will vote these shares following receipt of this document.

Voting and Revocation of Proxies

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

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

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

Solicitation of Proxies

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

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THE REORGANIZATION AGREEMENT AND THE EXCHANGE

This section describes material aspects of the Reorganization Agreement and the Exchange. The description of the Reorganization Agreement and the Exchange contained in this section does not purport to be complete and is qualified in its entirety by reference to the Reorganization Agreement, which is attached to this document as Appendix A, and is incorporated by reference. You are urged to read the Reorganization Agreement carefully and in its entirety.

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

Background

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

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

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

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

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

At a meeting in New York City in August 2002, the parties outlined parameters for a possible combination of M&T and Allfirst, including transaction consideration consisting in part of M&T common stock and in part of cash, AIB representation on M&T's board of directors and its key committees and the

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appointment of an M&T representative to the AIB board. The parties also agreed to enter into a confidentiality agreement and to conduct further mutual due diligence investigations.

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

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

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

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

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

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

M&T's Reasons for the Exchange

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

(1) *Potential Geographic and Market Considerations.* Allfirst's geographic market represents a natural and productive extension of M&T's business, with M&T operating from upstate New York down

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to northern Virginia, as shown in the map on page 11. The Exchange will allow M&T to establish a leading position in the mid-Atlantic region of the United States with over 700 branches in six states and the District of Columbia (a region that is equivalent to the 6th largest U.S. state in terms of deposits and the 5th largest in terms of population). Following the Exchange, M&T will have total pro forma deposits of approximately \$26.5 billion. The M&T board also considered that the demographics of Allfirst's markets are similar enough to M&T's to allow M&T to apply its business model to these new portions of its footprint. At the same time, the M&T board considered that portions of Allfirst's market, particularly the metropolitan Baltimore and Washington, DC areas, are highly competitive and this could tend to limit M&T's ability to achieve the projected levels of expansion.

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

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

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

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

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Among other things, the board considered the possibility that M&T would be subject to some level of supervision by the Central Bank of Ireland and the possibility that any regulatory issues affecting AIB could have consequences for M&T, as well as a related provision in the Reorganization Agreement that requires AIB to either cure conditions at AIB that could have a sufficiently adverse regulatory effect on M&T or to take actions to cease to control M&T for regulatory purposes. The M&T board also considered the impact of provisions in the Reorganization Agreement that relate to AIB's ownership of M&T common stock, including AIB's registration rights, its rights to maintain its percentage ownership of M&T and provisions that limit AIB's holdings of M&T's outstanding common stock while it remains a significant shareholder to 25% (unless otherwise approved by the M&T board or other special circumstances exist).

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

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

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

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

The M&T board believes that the Exchange is in the best interests of M&T and its shareholders and unanimously recommends that M&T's shareholders vote FOR approval of the issuance of M&T common stock in the Exchange, the authorization of the amendments to the M&T certificate of incorporation and the adjournment of the special meeting to a later date, if necessary.

Opinion of M&T's Financial Advisor

In September 2002, M&T engaged Lehman Brothers to act as its financial advisor and render its opinion with respect to the fairness, from a financial point of view, to M&T of the consideration to be paid by M&T to AIB in the Exchange. On September 24, 2002, Lehman Brothers rendered its oral opinion to the M&T board of directors that as of such date, and based upon and subject to certain matters stated in its written opinion, dated September 26, 2002, from a financial point of view, the consideration of 26,700,000 shares of M&T common stock and \$886.1 million of cash to be paid to AIB in the Exchange was fair to M&T. Lehman Brothers subsequently confirmed and updated its opinion in writing by delivering to the M&T board of directors a written opinion, dated November 5, 2002, that as of such date, and based upon certain matters stated therein, from a financial point of view, the consideration of 26,700,000 shares of M&T common stock and \$886.1 million of cash to be paid to AIB in the Exchange was fair to M&T. In connection with this written opinion, Lehman Brothers performed procedures to update certain of its analyses and the factors considered in connection with its earlier opinion.

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

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respect to the procedures to be followed or factors to be considered by Lehman Brothers in performing its analyses or providing its opinion.

The full text of Lehman Brothers' written confirmation of its oral opinion, dated November 5, 2002, is attached as Appendix B to this document. Shareholders may read such opinion for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Lehman Brothers in connection with the rendering of the Lehman Brothers opinion. The following is a summary of the material financial analyses presented by Lehman Brothers to the M&T board of directors on September 24, 2002 in connection with the rendering of its oral opinion on that date.

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

In arriving at its opinion on September 24, 2002, Lehman Brothers reviewed and analyzed:

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

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

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

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

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

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

a trading history of M&T's common stock from January 1, 1997 to September 23, 2002 and a comparison of that trading history with those of other companies that Lehman Brothers deemed relevant,

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

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

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

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

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

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

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

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

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

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compared to any alternative business strategies that might exist for M&T or the effect of any other transaction in which M&T might engage.

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

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

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

Sovereign Bancorp, Inc.

M&T Bank Corporation

Banknorth Group, Inc.

Huntington Bancshares Inc.

North Fork Bancorporation, Inc.

Associated Banc-Corp

Colonial BancGroup Inc.

Commerce Bancshares, Inc.

First Virginia Banks, Inc.

FirstMerit Corporation

Mercantile Bankshares

Fulton Financial Corp.

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For the selected comparable depository institutions, Lehman Brothers calculated the ratio of the market price per share to the mean earnings estimates per share according to GAAP for the calendar year 2002 reported by

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I/B/E/S, which is a service widely used by the investment community to gather earnings estimates from various research analysts. Lehman Brothers also calculated the ratio of the market price per share to the mean earnings per share estimates on a cash basis; that is, excluding the effect of amortization of intangibles on earnings per share estimates. Lehman Brothers estimated the mean earnings per share estimates on a cash basis using each comparable depository institution's public filings and third party research reports. Lehman Brothers also calculated the ratios of the market price per share to both the book value per share and the tangible book value per share as of June 30, 2002. Lehman Brothers then derived implied values for Allfirst by applying the median multiples for the comparable companies to comparable data for Allfirst. The following table presents the median and mean earnings and book value per share multiples for the comparable depository institutions, together with comparable data for and the implied value of Allfirst.

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

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

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

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

SouthTrust Corporation
Regions Financial Corp.
Charter One Financial Inc.
AmSouth Bancorporation
Popular, Inc.
Union Planters Corp.
Huntington Bancshares

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Compass Bancshares, Inc.

Banknorth Group, Inc.

National Commerce Financial Corporation

North Fork Bancorporation

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

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

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

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

BNP Paribas Group/United California Bank

BNP Paribas Group/BancWest Corp.

Citigroup Inc./European American Bank

Royal Bank of Canada/Centura Banks Inc.

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

ABN AMRO Holding NV/Michigan National Corp.