

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 ON FORM S-8 TO REGISTRATION STATEMENT
ON FORM S-4 UNDER THE SECURITIES ACT OF 1933

FIRST EMPIRE STATE CORPORATION

(Exact name of registrant as specified in its charter)

New York 16-0968385

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One M&T Plaza
Buffalo, New York 14240

(Address, including zip code, of principal executive offices)

1992 ONBANCorp Directors' Stock Option Plan Restated 1987
Stock Option and Appreciation Rights Plan of ONBANCorp, Inc.
Franklin First Financial Corp. 1988 Stock Incentive Plan

(Full title of the plans)

Richard A. Lammert, Esquire
Senior Vice President and General Counsel
First Empire State Corporation
One M&T Plaza
Buffalo, New York 14240
(716) 842-5390

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:
Steven Kaplan, Esq.
Arnold & Porter
555 12th Street, N.W.
Washington, D.C. 20004
(202) 942-5998

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed by First Empire State Corporation (File No. 1-9861) ("First Empire") with the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are incorporated herein by reference:

- (a) First Empire's Annual Report on Form 10-K for the year ended December 31, 1997.
- (b) First Empire's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.
- (c) First Empire's Current Report on Form 8-K dated as of January 9, 1998.
- (d) First Empire's Current Report on Form 8-K dated as of April 1, 1998, as amended by a Current Report on Form 8-K/A filed on May 14, 1998.
- (e) The description of the common stock of First Empire, par value \$5.00 per share ("First Empire Common Stock"), contained in a registration

statement on Form 8-A filed by First Empire on March 4, 1988, and any amendments or reports filed for the purpose of updating such description.

All documents filed by First Empire after the date of this Post-Effective Amendment No. 1 pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all First Empire Common Stock offered hereby has been sold or which deregisters such First Empire Common Stock then remaining unsold, shall be deemed to be incorporated in this Post-Effective Amendment No. 1 by reference and shall be a part hereof from the date of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Post-Effective Amendment No. 1 shall be deemed to be modified or superseded for purposes of this Post-Effective Amendment No. 1 to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Post-Effective Amendment No. 1 modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or so superseded, to constitute a part of this Post-Effective Amendment No. 1.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

The financial statements incorporated in this Registration Statement by reference to the Annual Report on Form 10-K of First Empire for the year ended December 31, 1997 have been so incorporated in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The audited consolidated financial statements of ONBANCorp, Inc. (File No. 018011) ("ONBANCorp") and subsidiaries as of December 31, 1997 and 1996 and for each of the years ended December 31, 1997, 1996 and 1995, included in ONBANCorp's Annual Report on Form 10-K for the year ended December 31, 1997, incorporated herein by reference to First Empire's Current Report on Form 8-K dated as of April 1, 1998 ("First Empire's Form 8-K"), have been audited by KPMG Peat Marwick LLP, independent auditors, as set forth in their report thereon, incorporated therein by reference and incorporated herein by reference to First Empire's Form 8-K. Such financial statements are incorporated herein in reliance upon the reports of KPMG Peat Marwick LLP pertaining to such financial statements given upon the authority of such firm as experts in accounting and auditing.

Documents incorporated herein by reference in the future will include financial statements, related schedules (if required) and auditors' reports, which financial statements and schedules will have been audited to the extent and for the periods set forth in such reports by the firm or firms rendering such reports, and, to the extent so audited and consent to incorporation by reference is given, will be incorporated herein by reference in reliance upon such reports given upon the authority of such firms as experts in accounting and auditing.

Richard A. Lammert, Esq., Senior Vice President and General Counsel of First Empire, has delivered a legal opinion to the effect that the issuance and sale of the First Empire Common Stock offered hereby was duly authorized by First Empire and that such First Empire Common Stock will be validly issued, fully paid and nonassessable when issued. As of May 12, 1998, Mr. Lammert was the beneficial owner of 6,076 shares of First Empire Common Stock and held options granted under First Empire's 1983 Stock Option Plan covering 10,000 shares of First Empire Common Stock, 6,450 of which are currently exercisable.

Item 6. Indemnification of Directors and Officers.

Section 722 of the New York Business Corporation Law ("NYBCL") provides that a corporation may indemnify any person made, or threatened to be made, a party to any action or proceeding except for stockholder derivative suits by reason of the fact that he or she was a director or officer of the corporation, provided such director or officer acted in good faith for a purpose which he or she reasonably believed to be in the best interests of the corporation and, in criminal proceedings, had no reasonable cause to believe his or her conduct was unlawful. In the case of stockholder derivative suits, the corporation may indemnify any person who was a director or officer of the corporation if he or she acted in good faith for a purpose which he or she reasonably believed to be in the best interests of the corporation, except that no indemnification may be made for (i) a threatened action or a pending action which is settled or otherwise disposed of, or (ii) any claim, issue or matter as to which such person has been adjudged to be liable to the corporation, unless and only to the extent that the court in which the action was brought or, if no action was brought, any court of competent jurisdiction, determines upon application that, in view of all circumstances, the person is fairly and reasonably entitled to indemnification for such portion of the settlement amount and expenses as the court deems proper.

Section 721 of the NYBCL provides that indemnification under the NYBCL is not exclusive of other indemnification rights to which a director or officer may be entitled, whether contained in the certificate of incorporation or bylaws, or, when authorized by such certificate of incorporation or bylaws, (i) a resolution of stockholders or directors, or (ii) an agreement providing for such indemnification, provided that no indemnification may be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to the director or officer establishes that his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she personally gained a financial profit or other advantage to which he or she was not legally entitled.

Under Section 723 of the NYBCL, any person to whom such provisions in the NYBCL regarding indemnification apply who has been successful on the merits or otherwise in the defense of a civil or criminal action or proceeding is entitled to indemnification. Except as provided in the preceding sentence, unless ordered by a court pursuant to the NYBCL, indemnification under the NYBCL, the certificate of incorporation, the bylaws, any resolution of stockholders or directors or any agreement pursuant to the above paragraphs may be made only if authorized in the specific case and after a finding that the director or officer met the requisite standard of conduct (i) by the board acting by a quorum of disinterested directors, or (ii) if such quorum is not available, or even if available, if so directed by a quorum of disinterested directors by either (A) the board upon the written opinion of counsel, or (B) by the stockholders.

First Empire's Certificate of Incorporation provides that First Empire will indemnify to the maximum extent permissible under New York law its officers and directors for liability arising out of their actions in such capacity. First Empire has purchased directors' and officers' liability insurance covering certain liabilities which may be incurred by the officers and directors of First Empire in connection with the performance of their duties.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

The exhibits listed on the Exhibit Index on page II-9 of this Post-Effective Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 have been previously filed, are filed herewith or are incorporated herein by reference to other filings.

Item 9. Undertakings.

First Empire hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to the Registration Statement:
 - (a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");
 - (b) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

- (c) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

Provided, however, that the undertakings set forth in paragraphs 1(a) and 1(b) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by First Empire pursuant to Section 13 or 15(d) of the Exchange Act, which are incorporated by reference in this Registration Statement.

2. That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
4. That, for purposes of determining any liability under the Securities Act, each filing of First Empire's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
5. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of First Empire pursuant to the foregoing provisions, or otherwise, First Empire has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by First Empire of expenses incurred or paid by a director, officer or controlling person of First Empire in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, First Empire will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, First Empire certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Post-Effective Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Buffalo, State of New York, on May 18, 1998.

FIRST EMPIRE STATE CORPORATION

By: /s/ Michael P. Pinto

Michael P. Pinto
Executive Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 has been signed by the following persons in the capacities indicated on May 18, 1998:

Signature	Title
----- William F. Allyn	Director
* Brent D. Baird ----- Brent D. Baird	Director
* John H. Benisch ----- John H. Benisch	Director
----- Robert J. Bennett	Chairman of the Board and Director
* C. Angela Bontempo ----- C. Angela Bontempo	Director
* Robert T. Brady ----- Robert T. Brady	Director

* Patrick J. Callan ----- Patrick J. Callan	Director
* Richard E. Garman ----- Richard E. Garman	Director
* James V. Glynn ----- James V. Glynn	Director
* Roy M. Goodman ----- Roy M. Goodman	Director
* Patrick W.E. Hodgson ----- Patrick W.E. Hodgson	Director
* Samuel T. Hubbard, Jr. ----- Samuel T. Hubbard, Jr.	Director
----- Russell A. King	Director
* Lambros J. Lambros ----- Lambros J. Lambros	Director
* Wilfred J. Larson ----- Wilfred J. Larson	Director
----- Peter J. O'Donnell, Jr.	Director
* Jorge G. Pereira ----- Jorge G. Pereira	Vice Chairman and Director
* Michael P. Pinto ----- Michael P. Pinto	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
* Michael R. Spychala ----- Michael R. Spychala	Administrative Vice President, Controller and Assistant Secretary (Principal Accounting Officer)
* Raymond D. Stevens, Jr. ----- Raymond D. Stevens, Jr.	Director

John L. Vensel

Director

* Herbert L. Washington

Herbert L. Washington

Director

* John L. Wehle, Jr.

John L. Wehle, Jr.

Director

* Robert G. Wilmers

Robert G. Wilmers

Chief Executive Officer,
President and Director
(Principal Executive
Officer)

* By /s/ Richard A. Lammert

May 18, 1998

(Attorney-in-fact)

INDEX TO EXHIBITS

- Exhibit 4.1 1992 ONBANCorp Directors' Stock Option Plan, filed herewith.
- Exhibit 4.2 Restated 1987 Stock Option and Appreciation Rights Plan of ONBANCorp, Inc., previously filed as Exhibit A to the Proxy Statement (File No. 000-18011) filed pursuant to Section 14(a) of the Securities Exchange Act of 1934 by ONBANCorp, Inc., on March 18, 1997.
- Exhibit 4.3 Franklin First Financial Corp. 1988 Stock Incentive Plan, filed herewith.
- Exhibit 5 Opinion of Richard A. Lammert, Esq., previously filed as Exhibit 5 to the Registration Statement on Form S-4 (File No. 333-45881) by First Empire State Corporation on February 9, 1998.
- Exhibit 23.1 Consent of Richard A. Lammert, Esq., included in the opinion previously filed as Exhibit 5 hereto.
- Exhibit 23.2 Consent of Price Waterhouse LLP, filed herewith.
- Exhibit 23.3 Consent of KPMG Peat Marwick LLP, filed herewith.
- Exhibit 24.1 Powers of Attorney of certain directors and officers of First Empire, previously filed as Exhibit 24 to the Registration Statement on Form S-4.

1992 ONBANCORP DIRECTORS' STOCK OPTION PLAN

Adopted December 23, 1991

1. Purpose

The purpose of the 1992 ONBANCORP Directors' Stock Option Plan is to secure for the Company and its stockholders the benefits of the incentive inherent in increased common stock ownership of non-employee Directors of the Company, and to encourage the highest level of performance by such directors by granting them non-qualified stock options to purchase common stock of the Company that will increase their proprietary interest in the Company's success and progress and their identification with the interests of the Company's stockholders.

2. Definitions

The following definitions shall apply for purposes of the Plan, unless a different meaning is plainly indicated by the context:

- (a) Board means the Board of Directors of ONBANCORP, Inc.
- (b) Certificate means an official stock certificate evidencing ownership of one or more shares of ONBANCORP, Inc. Common Stock.
- (c) Code means the Internal Revenue Code of 1986 (including the corresponding provisions of any succeeding law).
- (d) Committee means the Compensation & Stock Option Committee of the Board.
- (e) Company means ONBANCORP, Inc.
- (f) Disability means a condition of total incapacity, mental or physical, to engage in any substantial gainful activity which the Committee shall have determined, on the basis of competent medical evidence, is likely to be permanent, is likely to result in death or has lasted, or can be expected to last, for a continuous period of at least twelve months.
- (g) Exercise Price means the price per Share at which Shares subject to an Option may be purchased upon exercise of the Option, determined in accordance with Paragraph 6(a).
- (h) Fair Market Value means, with respect to a Share on a specified date:
 - (i) the average of the high and low quoted sales prices on the date in question (or, if there is no reported sale on such date, on the last preceding date on

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which any reported sale occurred) on the principal United States securities exchange on which the Shares are listed or admitted to trading; or

- (ii) if the Shares are not listed or admitted to trading on any such exchange, the closing bid quotation with respect to a Share on such date on the National Association of Securities Dealers, Inc., Automated Quotation System, or, if no such quotation is provided, on another similar system, selected by the Committee, then in use; or
- (iii) if Paragraphs 2(h)(i) and (ii) are not applicable, the Fair Market Value of a Share as the Committee may determine, taking into account, among other things, the difference between the market value and the book value of the shares of common stock of financial institutions comparable to the Company and the trend of the Company's earnings and its book capital account.
- (i) Non-Qualified Stock Option means a right to purchase Shares that is granted pursuant to section 6(b).
- (j) ONBANCORP means ONBANCORP, Inc.

- (k) Option means a Non-Qualified Stock Option.
- (l) Option Agreement means a written agreement which specifies the number of shares covered by the Option, specifies the Exercise Price, incorporates by reference the entire Plan, and contains such other terms and conditions not inconsistent with the Plan as the Committee may in its discretion prescribe.
- (m) Option Period means the period during which an Option may be exercised, determined in accordance with section 7.
- (n) Plan means the 1992 ONBANCorp Directors' Stock Option Plan.
- (o) Retirement means the termination of a Directors' status as a Director as a result of:
 - (i) such Director having attained the maximum age limitation for a Director set forth in the Company's By-Laws;
 - (ii) such Director not being re-elected to the Board at the expiration of his/her term; or

(iii) such Director resigning voluntarily as a Director or at the request of the Board for any reason other than for cause.

(p) Share means a share of common stock of ONBANCORP.

3. Administration

The Plan shall be administered by the Compensation and Stock Option Committee. The Committee shall have the powers vested in it by the terms of the Plan, such powers to include authority (within the limitations described herein) to prescribe the form of the agreement embodying awards of Options made under the Plan. The Committee shall, subject to the provisions of the Plan, grant Options under the Plan and shall have the power to construe the Plan, to determine all questions arising thereunder and to adopt and amend such rules and regulations for the administration of the Plan as it may deem desirable. Any decision of the Committee in the administration of the Plan, as described herein, shall be final and conclusive. The Committee may act only by a majority of its members in office, except that the members thereof may authorize any one or more of their number or the Treasurer or any other officer of the Company to execute and deliver documents on behalf of the Committee. No member of the Committee shall be liable for anything done or omitted to be done by such member or by any other member of the Committee in connection with the Plan, except for such member's own willful misconduct or as expressly provided by statute.

4. Amount of Shares

The Shares which may be issued and sold under the Plan will be the Common Stock (par value \$1.00 per share) of the Company, of a total number not exceeding 100,000 shares, subject to adjustment as provided in Paragraph 8(c) below. The stock to be issued may be either authorized and unissued shares or issued Shares acquired by the Company. In the event that Options granted under the Plan shall terminate or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

5. Eligibility

Each member of the Board of the Company who is not an employee of the Company or any of its subsidiaries (a "Non-Employee Director") shall be eligible to receive an Option in accordance with Paragraph 6 below. The adoption of this Plan shall be not deemed to give any director any right to be granted an option to purchase Common Stock of the Company, other than in accordance with the terms of this Plan.

6. Terms and Conditions of Options

Each Option granted under the Plan shall be evidenced by an agreement in such form as the Board shall prescribe from time to time in accordance with the Plan and shall comply with the following terms and conditions:

- (a) The Option Exercise Price shall be the Fair Market Value of the Shares subject to such Option on the date the Option is granted.
- (b) Each year, as of the date of the Annual Meeting of Stockholders of the Company, each Non-Employee Director who has been elected or re-elected or who is continuing as a member of the Board as of the adjournment of the Annual Meeting and who has not previously been granted Options pursuant to this Plan shall automatically receive an Option for 3,000 Shares.
- (c) Subject to the limitations of the Plan and the Option Agreement, an Option holder may, at any time during the Option Period, exercise his/her right to purchase all or any part of the Shares to which the Option relates; provided, however, that the minimum number of Shares which may be purchased shall be twenty (20), or, if less, the total number of Shares relating to the Option which are then available for purchase and the maximum number of Shares which may be purchased shall be limited by Paragraph 7(b). An Option holder shall exercise an Option to purchase Shares by:
 - (i) giving written notice to the Committee or its designate, in such form and manner as the Committee may prescribe, of his/her intent to exercise the Option;
 - (ii) delivering to the Committee or its designate full payment for the Shares as to which the Option is to be exercised; and
 - (iii) satisfying such other conditions as may be prescribed in the Option Agreement.

Payment shall be made (1) in United States dollars in cash or by certified check, money order or bank draft drawn payable to the order of ONBANCORP, Inc., or (2) by delivering a certificate or certificates evidencing the Option holder's ownership in Shares valued at their Fair Market Value, or (3) through the withholding of Shares issuable upon exercise of the Option valued at their Fair Market Value on the date of exercise or (4) by a combination of the methods set forth in (1), (2) and (3). ONBANCORP may also enter into any arrangement permitted under applicable laws (including Section 16(c) of the Securities Exchange Act of 1934) to permit the "cashless" exercise of any Option.

- (d) When the requirements of Paragraph 6(c) have been satisfied, the Committee or its designate shall take such action as is necessary to cause ONBANCorp to issue a Certificate evidencing the Option holder's ownership of such Shares. The person exercising the Option shall have no right to vote or to receive dividends, nor have any other rights with respect to the Shares, prior to the date as of which such Shares are transferred to such person on the stock transfer records of ONBANCorp, and no adjustments shall be made for any dividends or other rights for which the record date is prior to the date as of which such transfer is effected, except as may be required under Paragraph 8(c).
- (e) Shares acquired in connection with the exercise of an Option shall not be assignable or transferable, other than by will or by the laws of descent and distribution, during any period which would cause such sale to be in violation of Section 16(b) of the Securities Exchange Act of 1934.
- (f) An Option by its terms shall not be assignable or transferable by the Option holder other than by will or by the laws of descent and distribution, and shall be exercisable, during the lifetime of the Option holder, only by the Option holder or his/her legally appointed guardian.
- (g) The Company's obligation to deliver Shares with respect to an Option shall, if the Committee so requests, be conditioned upon the receipt of a representation as to the investment intention of the Option holder to whom such Shares are to be delivered, in such form as the Committee shall determine to be necessary or advisable to comply with the provisions of applicable Federal, state or local law. It may be provided that any such representation shall become inoperative upon a registration of the Shares or upon the occurrence of any other event eliminating the necessity of such representation. The Company shall not be required to deliver any Shares under the Plan prior to (i) the admission of such Shares to listing on any stock exchange on which Shares may then be listed, or (ii) the completion of such registration or other qualification under any state or Federal law, rule or regulation as the Committee shall determine to be necessary or advisable.

7. Option Period

- (a) The Option Period during which any portion of an Option may be exercised shall commence one year after the date on which the Option is granted and shall expire on the earlier of:
 - (i) The last day of the one-year period commencing on the date of the Option holder's Retirement, death or Disability; or

(ii) The last day of the ten-year period commencing on the date on which the Option was first exercisable.

(b) The Option shall become exercisable with respect to one-third (33-1/3%) of the total number of shares to the nearest whole Share of Common Stock covered by the Option beginning one year after the date on which the Option is granted; thereafter it shall become exercisable with respect to an additional one-third (33-1/3%) of the total number of shares to the nearest whole Share of Common Stock covered by the Option on each subsequent anniversary date of the grant of the Option until on the third anniversary date of the grant of the Option it shall become exercisable with respect to the total number of shares of Common Stock covered by the Option. In the event the Non-Employee Director ceases to be a Non-Employee Director by reason of Retirement, death or Disability, all Options then held by such individual under this Plan shall then become immediately exercisable and shall expire as set forth in Paragraph 7(a).

8. Amendments and Termination

(a) Termination. Subject to Paragraph 8(d), the Board of Directors may suspend or terminate the Plan in whole or in part at any time prior to April 30, 2002 by giving written notice of such suspension or termination to the Committee. Unless sooner terminated, the Plan shall terminate automatically on April 30, 2002.

(b) Amendment. Subject to Paragraph 8(d), the Board of Directors may amend or revise the Plan in whole or in part at any time; provided, however, that it shall not be amended more than once every six (6) months other than to comply with the Internal Revenue Code of 1986, as amended, or the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated under such laws, and further provided that, subject to Paragraph 8(c), the following amendments or revisions shall be subject to approval by the holders of at least a majority of the outstanding voting stock of ONBANCorp:

(i) an increase of more than ten percent (10%) in the number of Shares as to which Options may be granted;

(ii) a decrease in the Exercise Price for an Option previously granted;

(iii) an extension of the term of the Plan or an extension of the Option Period beyond the last day of the ten-year period commencing on the date on which the Option was fully exercisable for an Option previously granted;

- (iv) any other amendment which would materially increase the benefits accruing to participants in the Plan within the meaning of Section 16b-3 of the Securities Exchange Act of 1934; and
 - (v) any change which requires an amendment of ONBANCORP's certificate of organization.
- (c) Adjustments in the Event of Reorganization or Recapitalization.
- (i) in the event of any merger, consolidation, or other business reorganization in which ONBANCORP is the surviving entity, and in the event of any stock split, stock dividend or other event generally affecting the Shares held by each person who is then a holder of record of Shares, the Committee shall determine the appropriate adjustments, if any, to the maximum number of Shares with respect to which Options may be granted under the Plan, the number of Shares as to which Options have been granted under the Plan, and the Exercise Price therefor, if applicable, to preserve but not to increase the benefits under the Plan.
 - (ii) in the event of any merger, consolidation, or other business reorganization in which ONBANCORP is not the surviving entity:
 - (1) any Options granted under the Plan which remain outstanding may be cancelled by the Board upon written notice to each Option holder given at least 30 days in advance of the effective date of such merger, consolidation, business reorganization, liquidation or sale; and
 - (2) any Options which are not cancelled pursuant to Paragraph 8(c)(ii)(1) shall be adjusted in such manner as the Committee shall deem appropriate to account for such merger, consolidation or other business reorganization.
- (d) Consent of Grantee. No amendment, suspension or termination of the Plan shall be made that would materially adversely affect any grant previously made under the Plan without the prior written consent of the grantee.

9. Miscellaneous Provisions

- (a) No Right to Continued Directorship. Neither the establishment of the Plan nor any provisions of the Plan nor any action of the Board of Directors or the Committee with respect to the Plan shall be held or construed to confer upon any

Director any right to a continuation of his/her status as a Director of the Company. The Board and Shareholders reserve the right to terminate any Director or otherwise deal with any Director to the same extent as though the Plan had not been adopted.

- (b) Construction of Language. Whenever appropriate in the Plan, words used in the singular may be read in the plural, words used in the plural may be read in the singular, and words importing the masculine gender may read as referring equally to the feminine or the neuter. Any reference to an article or section number shall refer to an article or section of this Plan, unless otherwise indicated.
- (c) Governing Law. The Plan shall be constructed and enforced in accordance with the laws of the State of Delaware, except to the extent that such laws are preempted by the Federal laws of the United States of America.
- (d) Headings. The headings of articles and sections are included solely for convenience of reference. If there is any conflict between such headings and the text of the Plan, the text shall control.
- (e) Non-Alienation of Benefits. The right to receive a benefit under the Plan shall not be subject in any manner to anticipation, alienation or assignment, nor shall such right be liable for or subject to debts, contracts, liabilities, engagements or torts.
- (f) Taxes. Where any Person is entitled to receive Shares pursuant to the exercise of an Option, the Corporation shall have the right to require such person to pay the Corporation the amount of any tax which the Corporation is required to withhold with respect to such Shares, or, in lieu thereof, to retain, or to sell without notice, a sufficient number of Shares to cover the amount required to be withheld.
- (g) Notices. Any notice required or permitted to be given to a party under the Plan shall be deemed given if personally delivered or if mailed, postage pre-paid, by certified mail, return receipt to requested, to the party at the address listed below, or at such other address as one such party may by written notice specify to the other:

(i) If to the Committee:
ONBANCorp, Inc.
Attention: Treasurer of the Company
101 South Salina Street
P.O. Box 4983
Syracuse, New York 13221

or, if different, to ONBANCorp's then existing
corporate headquarters;

(ii) If to an Option holder, to the Option holder's address as
shown in the Company's personnel records.

(h) Effective Date. The Plan shall become effective as of April 21, 1992
or such later date as the Board may determine, provided that the
Company's stockholders shall have adopted the Plan at the Company's
1992 Annual Meeting of Stockholders.

FRANKLIN FIRST FINANCIAL CORP.
1988 STOCK INCENTIVE PLAN

Adopted May 19, 1988
Amended July 5, 1988

1. Definitions. As used herein, the following terms have the meanings hereinafter set forth.

(a) "Affiliate" shall mean a corporation which is a parent corporation or a subsidiary corporation with respect to the Company within the meaning of section 425(e) or 425(f) of the Code.

(b) "Award" shall mean a transfer of Common Stock subject to conditions of forfeiture (or the right to purchase Common Stock subject to conditions of forfeiture) made pursuant to Sections 3 and 10 of the Plan.

(c) "Award Agreement" shall mean the agreement between the Company and a Grantee with respect to an Award made pursuant to the Plan.

(d) "Board" shall mean the Board of Directors of the Company or of an Affiliate; "Company's Board" shall mean the Board of Directors of Franklin First Financial Corp.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended, and the same as may be further amended from time to time.

(f) "Committee" shall mean the Company's Board, subject to the right of the Board of Directors to designate by unanimous vote some other committee to make recommendations to it for the grant of Options and Awards and/or to assume other designated responsibilities in the administration of the Plan. Until another committee is so designated, the Operations Committee of the Company's Board is designated to make recommendations to the Committee regarding the granting of Options and Awards.

(g) "Common Stock" shall mean the Company's common stock, par value \$0.01 per share.

(h) "Company" shall mean Franklin First Financial Corp., a Pennsylvania business corporation.

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(i) "Grantee" shall mean a person to whom an Award has been granted pursuant to the Plan.

(j) "Incentive Stock Option" or "ISO" shall mean an Option granted pursuant to the Plan, which is intended to constitute an incentive stock option within the meaning of section 422A(b) of the Code.

(k) "Option" shall mean the right to purchase Common Stock granted pursuant to Sections 3 and 7 of the Plan.

(l) "Option Agreement" shall mean the agreement between the Company and the Optionee under which the Optionee may purchase Common Stock pursuant to the Plan.

(m) "Optionee" shall mean a person to whom an Option has been granted pursuant to the Plan.

(n) "Plan" shall mean the Franklin First Financial Corp. 1988 Stock Incentive Plan, as set forth herein, and the same as may be amended from time to time.

(o) "Stock Appreciation Right" or "SAR" shall mean the right granted pursuant to the Plan in connection with an Option to surrender the Option and receive in exchange therefor an amount equal to the excess of the fair market value of the Common Stock subject to the Option so surrendered over the exercise price of the Option.

2. Purpose. The Plan is intended as an additional incentive to key employees and non-employee members of the Board to enter into or remain in the

employ of the Company or any Affiliate or to serve on the Board and to devote themselves to the Company's success and to reward past service of such persons by providing them with an opportunity to acquire or increase a proprietary interest in the Company through receipt of Awards and/or Options.

3. Administration. The Plan shall be administered by the Committee.

(a) Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

(b) Grants. The Committee shall from time to time at its discretion grant Awards and Options pursuant to the terms of the Plan. Subject to Section 4, the Committee shall have plenary authority to determine the persons to whom and the times at which Awards or Options shall be granted, the number of shares of Common Stock to be covered thereby and the price and other terms and conditions thereof, including in the case of an Option a specification with respect

to whether or not the Option is intended to be an ISO and/or to include an SAR. In making such determinations the Committee may take into account the nature of the person's services and responsibilities, the person's present and potential contribution to the Company's success and such other factors as it may deem relevant. The interpretation and construction by the Committee of any provision of the Plan or of any Award or Option granted under it shall be final, binding and conclusive.

(c) Exculpation. Each member of the Committee shall be exculpated from personal liability for services in connection with the Plan to the same extent that directors of the Company would be exculpated from liability for their services on the Board pursuant to any applicable provision of law or the terms of the Company's Articles of Incorporation or By-laws.

(d) Indemnification. Each member of the Board or of the Committee shall be entitled without further act on his part to indemnity from the Company to the fullest extent provided by applicable law and the Company's Articles of Incorporation or By-laws in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Awards or Options under it in which he may be involved by reason of his being or having been a member of the Board or the Committee, whether or not he continues to be such member of the Board or the Committee at the time of the action, suit or proceeding.

4. Eligibility.

(a) Key Employees. All key employees of the Company or an Affiliate (including members of the Board who are key employees) shall be eligible to receive Awards or Options hereunder. The Committee, in its sole discretion, shall determine whether an individual qualifies as a key employee.

(b) Current Outside Directors. On the date this Plan becomes effective under subsection 6(a), each person then serving on the Board who is not an employee of the Company or an Affiliate shall be granted an Option to purchase 5,000 shares of Common Stock at an exercise price equal to the initial offering price of the Common Stock. Except as provided in this subsection, no non-employee director of the Company or an Affiliate on the date this Plan becomes effective shall be eligible to be granted Options or Awards under this Plan.

(c) Future Outside Directors. Each person who begins his initial service on the Board after the date this Plan becomes effective shall be eligible to receive Options but not Awards hereunder; however, any Option shall not be an ISO unless such person is also an employee of the Company or an Affiliate. The Committee shall specify at the time of grant of an Option whether such Option includes a SAR.

5. Shares. The aggregate maximum number of shares of the Common Stock for which Awards or Options may be issued under the Plan is 517,500 shares, adjusted as provided in Section 11. Shares shall be issued from authorized and unissued Common Stock or Common Stock held in or hereafter acquired for the treasury of the Company. If any outstanding Option granted under the Plan expires, lapses or is terminated for any reason or if any shares which are subject to an Award are forfeited for any reason, the Shares allocable thereto may again be the subject of an Award or Option granted pursuant to the Plan.

6. Effective Date and Term of the Plan.

(a) Effective Date. The Plan shall be effective as of the date of the commencement of the Company's initial underwritten public offering of its Common Stock. If the Plan is not approved within one year after such effective date by a majority of the outstanding voting stock of the Company voting either in person or by proxy, at a duly called meeting of the shareholders, then no Option granted pursuant to the Plan shall be an ISO and all ISOs previously granted under the Plan shall remain outstanding but shall not be treated as ISOs.

(b) Term. This Plan shall terminate on May 18, 1998, and no Option or Award shall be granted hereunder after May 18, 1998.

7. Terms and Conditions of Options. Options granted pursuant to the Plan shall be evidenced by written Option Agreements in such form as the Committee shall from time to time approve, which Option Agreements shall comply with and be subject to the following terms and conditions and such other terms and conditions which the Committee shall from time to time require which are not inconsistent with the terms of the Plan.

(a) Number of Shares. Each Option Agreement shall state the number of shares to which it pertains.

(b) Exercise Price. Each Option Agreement shall state the exercise price at which shares covered by the Option may be purchased. In the case of an ISO, the exercise price shall be at least 100% of the fair market value of the Common Stock on the date the ISO is granted and, in the case of an Option that is not an ISO, the exercise price shall be at least 85% of the fair market value of the Common Stock on the date such Option is granted, as fair market value determined by the Committee; provided, however, if an ISO is granted to an Optionee who then owns, directly or by attribution under section 425(d) of the Code, shares possessing more than ten percent of the total combined voting power of all classes of stock of the Company or an Affiliate, then the exercise price shall be at least 110% of the fair market value of the shares on the date the Option is granted. If the Common Stock is traded in a public market, then the fair market value per share shall be the mean between the closing "bid" and "asked" prices thereof or the mean between the highest and lowest quoted selling prices thereof,

as applicable, as the Committee determines, on the day the Option is granted as reported in customary financial reporting services.

(c) Medium of Payment. An Optionee shall pay for shares (i) in cash, (ii) by certified check payable to the order of the Company, or (iii) by such other mode of payment as the Committee may approve. Furthermore, the Committee may provide in an Option Agreement that payment may be made all or in part in shares of the Common Stock held by the Optionee. If payment is made in whole or in part in shares of the Common Stock, then the Optionee shall deliver to the Company certificates registered in the name of such Optionee representing shares of Common Stock owned by such Optionee, free of all liens, claims and encumbrances of every kind, accompanied by stock powers duly endorsed in blank by the Optionee. For purposes of determining the amount of payment, shares of Common Stock tendered as payment by the Optionee shall be valued at fair market value (as determined by the Committee under subsection 6(b)) on the date of exercise (as determined under Section 9). Notwithstanding the foregoing, the Committee, in its sole discretion, may refuse to accept shares of Common Stock in payment of the exercise price. In that event, any certificates representing shares of Common Stock which were delivered to the Company shall be returned to the Optionee with notice of the refusal of the Committee to accept such shares in payment of the exercise price. The Committee may impose from time to time such limitations and prohibitions on the use of shares of the Common Stock to exercise an Option as it deems appropriate.

(d) Termination of Options. No Option shall be exercisable after the first to occur of the following:

(i) Expiration of the term specified in the Option Agreement, which shall not exceed (A) ten years from the date of grant, or (B) five years from the date of grant with respect to an ISO if the Optionee on the date of grant owns, directly or by attribution under section 425(d) of the Code, shares possessing more than ten percent of the total combined voting power of all classes of stock of the Company or of an Affiliate;

(ii) Termination of the Optionee's employment or service with the Company and its Affiliates, subject to such additional periods not to exceed one year as the Committee shall determine, which periods may vary with the reason for termination including, without limitation, the Optionee's death, disability or retirement;

(iii) The date set by the Committee to be an accelerated expiration date in the event of dissolution or liquidation of the Company or consummation of any acquisition or business combination transaction in which the Company is not the surviving or acquiring entity or in which the Company becomes an 80% or more owned subsidiary of another person or

company, in which case the Committee may take whatever other action with respect to the Option, including acceleration of any exercise provisions, it deems necessary or desirable; or

(iv) A finding by the Committee, after full consideration of the facts presented on behalf of both the Company and the Optionee, that the Optionee has breached his employment or service contract with the Company or an Affiliate, or has been engaged in any sort of disloyalty to the Company or an Affiliate, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment or service or has disclosed trade secrets or confidential information of the Company or an Affiliate. In such event, in addition to immediate termination of the Option, the Optionee, upon a determination by the Committee, shall automatically forfeit all shares for which the Company has not yet delivered the share certificates upon refund by the Company of the exercise price.

(e) Transfers. No Option granted under the Plan may be transferred, except by will or by the laws of descent and distribution. During the lifetime of the person to whom an Option is granted, such Option may be exercised only by him or his legal representative in the event of his incompetence.

(f) Other Provisions. The Option Agreements shall contain such other provisions including, without limitation, additional restrictions upon the exercise of the Option or additional limitations upon the term of the Option, as the Committee shall deem advisable.

(g) Amendment. The Committee shall have the right to amend Option Agreements issued to an Optionee subject to his consent, except that the consent of the Optionee shall not be required for any amendment made under subsection 7(d)(iii).

8. Stock Appreciation Rights (SARs).

(a) In General. Subject to the terms and conditions of the Plan, the Committee may, in its sole and absolute discretion, grant to an Optionee in connection with an Option rights to surrender to the Company, in whole or in part, an Option, and to receive in exchange therefor payment by the Company of an amount equal to the excess of the fair market value of the shares of Common Stock subject to such Option, or portion thereof, so surrendered (determined in the manner described in subsection 7(b) as of the date the SARs are exercised) over the exercise price to acquire such shares. Such payment may be made, as determined by the Committee in accordance with subsection 8(c) below and set forth in the Option Agreement, either in shares of Common Stock or in cash or in any combination thereof.

(b) Grant. Each SAR shall relate to a specific Option granted under the Plan and shall be granted to the Optionee concurrently with the grant of such Option by inclusion of appropriate provisions in the Option Agreement pertaining thereto. The number of SARs granted to an

Optionee shall not exceed the number of shares of Common Stock which such Optionee is entitled to purchase pursuant to the related Option. The number of SARs held by an Optionee shall be reduced by (i) the number of SARs exercised under the provisions of the Option Agreement pertaining to the related Option, and (ii) the number of shares of Common Stock purchased pursuant to the exercise of the related Option.

(c) Payment. The Committee shall have sole discretion to determine whether, and shall set forth in the Option Agreement pertaining to the related Option the circumstances under which, payment in respect of SARs granted to any Optionee shall be made in shares of Common Stock, or in cash, or in a combination thereof. If payment is made in Common Stock, the number of shares of Common Stock which shall be issued pursuant to the exercise of SARs shall be determined by dividing (i) the total number of SARs being exercised, multiplied by the amount by which the fair market value (as determined under subsection 7(b)) of a share of Common Stock on the exercise date exceeds the exercise price for shares covered by the related Option, by (ii) the fair market value of a share of Common Stock on the exercise date of the SARs. No fractional share of Common Stock shall be issued on exercise of an SAR; cash shall be paid by the Company to the individual exercising an SAR in lieu of any such fractional share. If payment on exercise of an SAR is to be made in cash, the individual exercising the SAR shall receive in respect of each share to which exercise relates an amount of money equal to the difference between the fair market value of a share of Common Stock on the exercise date and the exercise price for shares covered by the related Option.

(d) Limitations. SARs shall be exercisable at such times and under such terms and conditions as the Committee, in its sole and absolute discretion, shall determine and set forth in the Option Agreements pertaining to the related Options; provided, however, that an SAR may be exercised only at such times and by such individuals as the related Option under the Plan and the Option Agreement may be exercised.

9. Exercise. No Option or SAR associated therewith shall be deemed to have been exercised prior to the receipt by the Company of written notice of such exercise and, in the case of an Option exercise, of payment in full of the exercise price for the shares to be purchased. The date on which the Company receives such notice, together with payment of the exercise price and all information or acknowledgements required herein, shall be the exercise date of the Option or SAR. Each such notice shall specify the number of shares to which the exercise pertains and, in the case of an Option, shall (unless the shares are covered by a then current registration statement or a Notification under Regulation A under the Securities Act of 1933, as amended (the "Act")), contain the Optionee's acknowledgment in form and substance satisfactory to the Company that (a) such shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Act), (b) the Optionee has been advised and understands that (i) the shares have not been

registered under the Act and are "restricted securities" within the meaning of Rule 144 under the Act and are subject to restrictions on transfer and (ii) the Company is under no obligation to register the shares under the Act or to take any action which would make available to the Optionee any exemption from such registration, (c) such shares may not be transferred without compliance with all applicable federal and state securities laws, and (d) an appropriate legend referring to the foregoing restrictions on transfer may be endorsed on the certificates. Notwithstanding the above, should the Company be advised by counsel that issuance of shares should be delayed pending (A) registration under federal or state securities laws or (B) the receipt of an opinion that an appropriate exemption therefrom is available, the Company may defer exercise of any Option granted hereunder until either such event in (A) or (B) has occurred.

10. Terms and Conditions of Awards. Awards granted pursuant to the Plan shall be evidenced by written Award Agreements in such form as the Committee shall from time to time approve, which Award Agreements shall comply with and be subject to the following terms and conditions and such other terms and conditions which the Committee shall from time to time require which are not inconsistent with the terms of the Plan.

(a) Number of Shares. Each Award Agreement shall state the number of shares of Common Stock to which it pertains.

(b) Purchase Price. Each Award Agreement shall specify the purchase price, if any, which applies to the Award. If the Board specifies a purchase price, the Grantee shall be required to make payment on or before the date specified in the Award Agreement, which date shall not be more than 30 days from the date the Award is made. Grantee shall pay for shares (i) in cash, (ii) by certified check payable to the order of the Company, or (iii) by such other mode of payment as the Committee may approve.

(c) Transfer. In the case of an Award which provides for a transfer of shares without any payment by the Grantee, the transfer shall take place on the date specified in the Award Agreement. In the case of an Award which provides for a payment, the transfer shall take place on the date payment is delivered to the Company. Stock certificates evidencing shares transferred pursuant to an Award shall be issued in the sole name of the Grantee. Notwithstanding the foregoing, as a precondition to a transfer, the Company may require an acknowledgement by the Grantee as required under Section 9.

(d) Forfeiture Conditions. The Committee shall specify in an Award Agreement the conditions under which the Grantee of that Award shall be required to convey to the Company the shares covered by the Award. Upon the occurrence of any such specified condition, the Grantee shall forthwith surrender and deliver to the Company the certificates evidencing such shares as well as completely executed instruments of conveyance. The Committee, in its discretion, may provide that certificates for shares transferred pursuant to an

Award be held in escrow by the Company or an appropriate officer of the Company until such time as each and every forfeiture condition has lapsed and that the Grantee be required, as a condition of the transfer, to deliver to such escrow agent stock powers covering the transferred shares duly endorsed by the Grantee. Stock certificates evidencing shares subject to forfeiture shall bear a legend to the effect that the Common Stock evidenced thereby is subject to repurchase or conveyance to the Company in accordance with an Award made under the Plan and that the shares may not be sold or otherwise transferred.

(e) Lapse of Conditions. Upon termination or lapse of each and every forfeiture condition, the Company shall cause certificates without the legend referring to the Company's repurchase right (but with any other legends that may be appropriate) evidencing the shares covered by the Award to be issued to the Grantee upon the Grantee's surrender of the legended certificates held by him to the Company.

(f) Rights as Shareholder. Upon payment of the purchase price, if any, for shares covered by an Award and compliance with the acknowledgement requirement of subsection 10(c), the Grantee shall have all of the rights of a shareholder with respect to the shares of Common Stock covered thereby, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto.

11. Adjustments on Changes in Capitalization. The aggregate number of shares and class of shares as to which Awards or Options may be granted hereunder, the number of shares covered by each outstanding Option and the exercise price thereof, and the number of shares subject to forfeiture with respect to each Award shall be appropriately adjusted in the event of a stock dividend, stock split, recapitalization or other change in the number or class of issued and outstanding equity securities of the Company resulting from a subdivision or consolidation of the Common Stock and/or other outstanding equity security or a recapitalization or other capital adjustment (not including the issuance of Common Stock on the conversion of other securities of the Company which are convertible into Common Stock) affecting the Common Stock which is effected without receipt of consideration by the Company. In the event of any adjustment relating to shares covered by an Award and still subject to forfeiture, the foregoing provisions and the provisions of subsection 10(d) shall apply to the certificates issued in connection with the adjustment. The Committee shall have authority to determine the adjustments to be made under this Section and any such determination by the Committee shall be final, binding and conclusive; provided, however, that no adjustment shall be made which will cause an ISO to lose its status as such without the consent of the Optionee.

12. Amendment of the Plan. The Company's Board may amend the Plan from time to time in such manner as it may deem advisable. Nevertheless, the Company's Board may not, without obtaining approval by vote of a majority of the outstanding voting stock of the Company, within twelve months before or after such action, change the class of individuals

eligible to receive an ISO, extend the expiration date of the Plan or increase the maximum number of shares as to which Awards or Options may be granted, except as provided in Section 11 hereof. No amendment to the Plan shall adversely affect any outstanding Option or Award, however, without the consent of its holder.

13. Continued Employment. The grant of an Award or Option pursuant to the Plan shall not be construed to imply or to constitute evidence of any agreement, express or implied, on the part of the Company or any Affiliate to retain an Optionee or Grantee in the employ of the Company or an Affiliate or as a member of the Board or in any other capacity.

14. Withholding of Taxes. Whenever the Company proposes or is required to deliver or transfer shares or cash in connection with the exercise of an Option, SAR or Award, the company shall have the right to (a) require the intended transferee to remit or otherwise make available to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for such shares or (b) take whatever action it deems necessary to protect its interests with respect to tax liabilities, including, without limitation, withholding a portion of any shares or cash otherwise deliverable pursuant to the Plan. The Company's obligation to make any delivery or transfer of shares under the Plan shall be conditioned on the Optionee's or Grantee's compliance with any withholding requirement to the satisfaction of the Company.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of First Empire State Corporation of our report dated January 9, 1998 appearing on page 55 of the First Empire State Corporation Annual Report on Form 10-K for the year ended December 31, 1997. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PRICE WATERHOUSE LLP

Price Waterhouse LLP
Buffalo, New York
May 18, 1998

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
First Empire State Corporation as
successors to ONBANCorp, Inc.:

We consent to incorporation by reference in the Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement No. 333-45881 on Form S-4 of First Empire State Corporation of our report dated January 26, 1998, relating to the consolidated balance sheets of ONBANCorp, Inc. and subsidiaries as of December 31, 1997 and 1996 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1997, which report is incorporated by reference in the December 31, 1997 annual report on Form 10-K of ONBANCorp, Inc., which was incorporated by reference in the First Empire State Corporation Form 8-K dated April 1, 1998.

We also consent to the reference to our firm under the heading "Interests of Named Experts and Counsel" in the Prospectus.

/s/ KPMG Peat Marwick LLP
Syracuse, New York
May 14, 1998