

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 1, 1998

FIRST EMPIRE STATE CORPORATION

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation)

1-9861

(Commission File Number)

16-0968385

(I.R.S. Employer Identification No.)

One M&T Plaza, Buffalo, New York

(Address of principal executive offices)

14240

(Zip Code)

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

(NOT APPLICABLE)

(Former name or former address, if changed since last report)

First Empire State Corporation ("First Empire") hereby amends the following item of its Current Report on Form 8-K dated April 1, 1998, filed on April 10, 1998, as set forth below. The purpose of that Report was to disclose, pursuant to Item 2, First Empire's acquisition of ONBANCORP, Inc. As permitted by Sections (a)(4) and (b)(2) of the Instructions to Item 7, the Report omitted the PRO FORMA financial information required by Item 7(b). The purpose of this amendment is to file such PRO FORMA information.

Item 7. Financial Statements and Exhibits.

(a) The audited consolidated financial statements of ONBANCORP and its 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, are hereby incorporated by reference, together with the report of KPMG Peat Marwick LLP, independent auditors, on such financial statements.*

(b) An unaudited PRO FORMA Condensed Combined Balance Sheet of First Empire as of December 31, 1997 and an unaudited PRO FORMA Condensed Combined Statement of Income of First Empire for the year ended December 31, 1997 are filed herewith as Exhibit 99.3. The unaudited PRO FORMA Condensed Combined Balance Sheet assumes that the Merger was consummated on December 31, 1997. Certain amounts in ONBANCORP's historical balance sheet as shown have been reclassified to conform to First Empire's presentation. The unaudited PRO FORMA Condensed Combined Statement of Income assumes that the Merger was consummated on January 1, 1997 and reflects the consolidation of the results of operations of First Empire and ONBANCORP for the year ended December 31, 1997. The cash portion of the consideration for the Merger is assumed to have been funded by the liquidation of investment securities. As a result of the Merger, First Empire expects to achieve substantial benefits, primarily in the area of operating cost savings. Assuming that all cost savings measures are implemented (which are expected to require a 12-month phase-in period), First Empire estimates annual net operating cost savings of approximately \$31 million. First Empire's management estimates that savings achieved during the first 12 months following the Merger would represent approximately two-thirds of the fully phased-in savings. Management also estimates that operating cost savings that may be realized during the first 12 months following the Merger will be largely offset by various one-time expenses associated with systems conversions and other costs of integrating and conforming the acquired operations with First Empire. The unaudited PRO FORMA earnings, do not reflect any direct costs or potential savings which are expected to result from the Merger and are not indicative of the results of future operations. No assurances can be given with respect to the ultimate level of cost savings to be realized or one-time expenses to be incurred.

The unaudited PRO FORMA condensed financial information is not necessarily indicative of the future financial position or future results of operations of First Empire or of the financial position or the results of operations of First Empire that would actually have occurred had the Merger been in effect as of the date or for the period presented. In addition, this Current Report on Form 8-K includes forward-looking statements that are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors"). Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Future Factors include: expected cost savings from the Merger that cannot be fully realized or that cannot be realized within the expected time frame; revenues following the Merger that are lower than expected; significant increases in competitive pressure among depository institutions; greater than expected costs or difficulties related to the integration of the business of First Empire and ONBANCORP; general economic conditions, either nationally or in the markets in which First Empire will be doing business, that are less favorable than expected; and legislative or regulatory requirements or changes that adversely affect the business in which First Empire is engaged. Future Factors also include changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; credit losses; sources of liquidity; regulatory supervision and oversight, including required capital levels; increasing price and product/service competition by competitors, including new entrants; rapid technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; the mix of products/services; containing costs and expenses; governmental and public policy changes, including environmental regulations; protection and validity of intellectual property rights; reliance on large customers; technological, implementation and cost/financial risks in large, multi-year contracts; the outcome of pending and future litigation and governmental proceedings; continued availability of financing; and financial resources in the amounts, at the times and on the terms

required to support the Company's future businesses. These are representative of the Future Factors that could affect the outcome of the forward-looking statements. First Empire's forward-looking statements speak only as of the date on which such statements are made. By making any forward-looking statements, First Empire assumes no duty to update them to reflect new, changing or unanticipated events or circumstances.

(c) The following exhibits are filed herewith or incorporated by reference herein as a part of this report:

EXHIBIT NO.

2.1 Agreement and Plan of Reorganization dated as of October 28, 1997 by and among First Empire State Corporation, Olympia

Financial Corp. and ONBANCorp, Inc. Incorporated by reference to Exhibit No. 2 to the Current Report on Form 8-K dated October 28, 1997 of First Empire State Corporation (File No. 1-9861).*

- 2.2 Agreement and Plan of Merger, dated as of October 28, 1997, by and among First Empire State Corporation, Olympia Financial Corp. and ONBANCorp, Inc. Incorporated by reference to Exhibit No. 2 to the Current Report on Form 8-K dated January 9, 1998 of First Empire State Corporation (File No. 1-9861).*
- 23 Consent of KPMG Peat Marwick LLP, independent auditors to ONBANCorp, Inc. Filed herewith.*
- 99.1 Press Release, dated April 1, 1998. Filed herewith.*
- 99.2 ONBANCorp, Inc. 1997 audited Financial Statements, together with the Report of the Independent Auditors thereon. Incorporated by reference to the Annual Report on Form 10-K of ONBANCorp, Inc. for the year ended December 31, 1997 (File No. 0-18011).*
- 99.3 First Empire State Corporation PRO FORMA Condensed Combined Balance Sheet as of December 31, 1997 (unaudited) and First Empire State Corporation PRO FORMA Condensed Combined Statement of Income for the year ended December 31, 1997 (unaudited). Filed herewith.

*Previously incorporated by reference into or filed with the initial filing of the Current Report on Form 8-K dated April 1, 1998 and filed on April 10, 1998.

SIGNATURES

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

FIRST EMPIRE STATE CORPORATION

Date: May 13, 1998

By: /s/ Michael P. Pinto

Michael P. Pinto
Executive Vice President
and Chief Financial Officer

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Report Dated: April 1, 1998

Commission File Number: 1-9861

FIRST EMPIRE STATE CORPORATION
(Exact name of registrant as specified in its charter)

EXHIBITS

EXHIBIT INDEX

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PRO FORMA CONDENSED COMBINED BALANCE SHEET

(DOLLARS IN THOUSANDS)
(UNAUDITED)

The following pro forma condensed combined unaudited balance sheet gives effect to the acquisition by First Empire State Corporation ("First Empire") of ONBANCORP, Inc. and subsidiaries ("ONBANCORP") using the purchase method of accounting assuming the acquisition was consummated on December 31, 1997. ONBANCORP was acquired by First Empire on April 1, 1998.

	DECEMBER 31, 1997			
	FIRST EMPIRE	ONBANCORP	PRO FORMA ADJUSTMENTS	PRO FORMA
	-----	-----	-----	-----
ASSETS				
Cash and due from banks	\$ 333,805	128,647		\$ 462,452
Money-market assets	111,046	11,222		122,268
Investment securities	1,725,218	2,016,633	(266,307) (1) 21,557 (2)	3,497,101
Loans and leases	11,765,533	3,015,437	35,004 (3)	14,815,974
Unearned discount	(268,965)	(17,769)	(7,249) (3)	(293,983)
Allowance for possible credit losses	(274,656)	(39,064)		(313,720)
Loans and leases, net	11,221,912	2,958,604	27,755	14,208,271
Premises and equipment	121,984	65,450	(13,255) (4)	174,179
Goodwill and deposit premium	17,288	13,892	547,331 (10)	578,511
Accrued interest and other assets	471,682	125,122	16,460 (5) (23,608) (6)	589,656
Total assets	\$14,002,935 =====	5,319,570 =====	309,933 =====	\$19,632,438 =====
LIABILITIES AND STOCKHOLDERS' EQUITY				
Interest-bearing deposits	\$ 9,704,917	3,643,007	6,686 (7)	\$13,354,610
Short-term borrowings	1,050,918	599,902	571 (8)	1,651,391
Long-term borrowings	427,819	283,148	10,941 (8)	721,908
Interest-bearing liabilities	11,183,654	4,526,057	18,198	15,727,909
Noninterest-bearing deposits	1,458,241	380,099		1,838,340
Other liabilities	330,774	78,217	19,689 (6)	428,680
Total liabilities	12,972,669	4,984,373	37,887	17,994,929
Common equity	1,030,266	335,197	272,046 (9)	1,637,509
Total stockholders' equity	1,030,266	335,197	272,046	1,637,509
Total liabilities & stockholders' equity	\$14,002,935 =====	5,319,570 =====	309,933 =====	\$19,632,438 =====

See notes to pro forma condensed combined financial information.

PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

The following pro forma condensed combined statement of income for the year ended December 31, 1997 gives effect to First Empire's acquisition of ONBANCORP using the purchase method of accounting assuming the acquisition was consummated on January 1, 1997. ONBANCORP was acquired by First Empire on April 1, 1998.

YEAR ENDED DECEMBER 31, 1997				
	FIRST EMPIRE	ONBANCORP	PRO FORMA ADJUSTMENTS	PRO FORMA
Interest income				
Loans and leases, including fees	\$ 952,436	224,900	(5,990) (11)	\$1,171,346
Money-market assets	7,245	1,864		9,109
Investment securities	105,280	158,926	(17,443) (12) (8,612) (13)	238,151
Total interest income	1,064,961	385,690	(32,045)	1,418,606
Interest expense				
Deposits	434,133	170,837	(6,432) (14)	598,538
Short-term borrowings	44,341	38,303	(497) (15)	82,147
Long-term borrowings	29,619	25,535	(880) (16)	54,274
Total interest expense	508,093	234,675	(7,809)	734,959
Net interest income	556,868	151,015	(24,236)	683,647
Provision for possible credit losses	46,000	7,168		53,168
Net interest income after provision for possible credit losses	510,868	143,847	(24,236)	630,479
Other income				
Mortgage banking revenues	51,547	5,016		56,563
Service charges on deposit accounts	43,377	11,283		54,660
Trust income	30,688	3,617		34,305
Merchant discount and other credit card fees	19,395	2,804		22,199
Gain (loss) on sales of bank investment securities	(280)	10,360		10,080
Other revenues from operations	48,340	9,199		57,539
Total other income	193,067	42,279		235,346
Other expense				
Salaries and employee benefits	220,017	41,027		261,044
Equipment and net occupancy	53,299	18,440	(428) (17)	71,311
Printing, postage and supplies	13,747	3,666		17,413
Deposit insurance	1,935	1,058		2,993
Outside data processing	7,153	11,285		18,438
Amortization of goodwill and deposit premium	7,291	4,287	31,869 (18)	43,447
Other costs of operations	118,334	26,143	4,246 (19)	148,723
Total other expense	421,776	105,906	35,687	563,369
Income before income taxes	282,159	80,220	(59,923)	302,456
Income taxes	105,918	29,042	(15,998) (20)	118,962
Net income	\$ 176,241	51,178	(43,925)	\$ 183,494
Net income per common share (21)				
Basic	\$26.60	3.93		\$22.78
Diluted	\$25.26	3.88		\$21.77

Average common shares outstanding (21)			
Basic	6,625	13,024	8,055
Diluted	6,977	13,181	8,429

See notes to pro forma condensed combined financial information.

NOTES TO PRO FORMA
CONDENSED COMBINED FINANCIAL INFORMATION (Unaudited)

- (1) The unaudited pro forma condensed combined financial information assumes the cash portion of the purchase price of \$266,307 is provided by liquidation of investment securities.
- (2) Adjustment to record acquired investment securities at estimated market value.
- (3) Adjustments to record acquired loans and leases at estimated market value.
- (4) Adjustment to record acquired premises and equipment at estimated market value. The adjustment includes writedowns associated with duplicate owned property and leasehold interests of ONBANCorp to be disposed of.
- (5) Adjustments of \$9,221 to record acquired mortgage servicing rights at estimated market value and \$7,239 to record pension plan assets of ONBANCorp in excess of projected benefit obligation.
- (6) Adjustments to other assets and other liabilities of \$23,608 and \$19,689, respectively, to record fees for investment bankers and other professional services associated with the transaction, severance benefits associated with the elimination of employment positions at ONBANCorp, estimated net deferred income tax credits associated with adjustments to fair value of net assets acquired, and other miscellaneous adjustments.
- (7) Adjustment to record interest-bearing deposits of ONBANCorp at estimated market value.
- (8) Adjustments to record borrowings (including trust preferred capital securities) of ONBANCorp at estimated market value.
- (9) Reflects issuance of First Empire common stock of \$587,819, estimated market value of ONBANCorp stock options converted to First Empire stock options of \$19,424 and reduction for elimination of ONBANCorp's December 31, 1997 equity of \$335,197.
- (10) Represents core deposit premium of \$61,371 and additional goodwill of \$485,960.

NOTES TO PRO FORMA
CONDENSED COMBINED FINANCIAL INFORMATION (Unaudited)
(Continued)

- (11) Amortization of premium related to loans and leases using accelerated methods based on the estimated weighted-average maturities of the loans and leases.
- (12) Reduction in interest income from investment securities assumed to be liquidated to fund the cash component of the merger consideration assuming an interest rate of 6.55%.
- (13) Amortization of premium related to investment securities assumed to be retained using an accelerated method over the estimated weighted-average remaining term to maturity of the securities.
- (14) Amortization of mark-to-market adjustment to deposits using an effective yield method over the remaining terms to maturity of the deposits.
- (15) Amortization of mark-to-market adjustment to short-term borrowings on a straight-line basis over the remaining terms to maturity of the borrowings.
- (16) Amortization of mark-to-market adjustment to long-term borrowings on a straight-line basis over the remaining terms to maturity of the borrowings.
- (17) Amortization of mark-to-market adjustment on premises and equipment on a straight-line basis over the estimated useful lives of the assets.
- (18) Amortization on an accelerated basis of the core deposit premium and on a straight-line basis for goodwill:

	ESTIMATED LIFE	AMOUNT
	(In years)	(In thousands)
Core deposit premium	10	11,158
Goodwill	20	20,715

Total amortization		31,869

- (19) Amortization on an accelerated basis of the mark-to-market adjustment on mortgage servicing rights and other miscellaneous adjustments.
- (20) Income tax expense on pro forma adjustments is reflected using an expected tax rate of 40.8%.
- (21) The pro forma earnings per share include the effect of the adjustments described above and the issuance 1,429,998 shares of First Empire common stock. The calculation of pro forma diluted earnings per share also includes the dilutive effect of ONBANCorp stock options converted to First Empire stock options by application of the "treasury stock method" of accounting.