



Keystone Financial And M&T Bank Corporation Announce Merger M&T

Bank Corporation to pay \$1 billion in stock and cash

HARRISBURG, PENNSYLVANIA and BUFFALO, NEW YORK (May 17, 2000) - Keystone Financial, Inc. ("Keystone") (NASDAQ: KSTN), Harrisburg, Pennsylvania and M&T Bank Corporation ("M&T") (NYSE: MTB), Buffalo, New York, today jointly announced that they have entered into a definitive agreement for a merger between the two companies.

The merger will create a strong northeast banking franchise with 424 branches in New York and Pennsylvania and 25 in northern Maryland and West Virginia. The enlarged franchise would make M&T the 29th largest independent banking company in the United States with proforma combined assets of approximately \$29.8 billion as of March 31, 2000. Keystone's banking subsidiary, Keystone Financial Bank, N.A., will be merged into Manufacturers and Traders Trust Company ("M&T Bank"), M&T's principal commercial banking subsidiary.

Carl L. Campbell, chairman, president and chief executive officer of Keystone, said, "With this merger, Keystone joins forces with a financial services institution long-known for quality, consistency and success. Together, we will create an even stronger institution that will benefit the stockholders, customers and the community."

Robert G. Wilmers, president and chief executive officer of M&T, said, "M&T Bank has grown successfully across New York State and northeastern Pennsylvania because we provide high quality financial products and services to our customers through relationships that enable us to understand their personal and business needs. Our partnership with Keystone gives M&T a well-established foundation from which to broaden our geographic reach and expand our combined businesses. As we expand our presence in Pennsylvania and enter the Maryland and West Virginia markets, we remain committed to providing that same high quality service to our new customers, and we will be committed to the well-being of the communities we serve."

Following the merger, Mr. Campbell will be elected vice chairman of the board of directors of M&T and vice chairman of M&T Bank. Four other directors of Keystone will join Mr. Campbell on M&T's and M&T Bank's boards of directors. Mr. Wilmers will continue as president and chief executive officer of M&T and chairman and chief executive officer of M&T Bank.

Because the franchises do not overlap, no branch consolidations between Keystone and M&T are anticipated as a result of the merger.

Simultaneous with the completion of the merger, M&T intends to declare a 10-for-1 split on its common stock. M&T also intends to double the cash dividend on its common stock after the closing of the merger to the equivalent of \$2.50 per quarter on each pre-split share.

Under the terms of the proposed merger, stockholders of Keystone may elect to receive .05 of a pre-split share of M&T common stock or \$21.50 in cash in exchange for each outstanding share of Keystone common stock, although 65% of the 48,930,000 shares of Keystone common stock currently outstanding must be exchanged for shares of M&T common stock. The selection of the method of payment by Keystone's stockholders will be subject to allocation and proration if the election for common stock would be more or less than this 65%. The merger is expected to be tax-free to Keystone stockholders except to the extent they receive cash, and will be accounted for as a purchase.

Based on the current number of shares of Keystone common stock currently outstanding and the closing price of M&T common stock on May 15, 2000, the merger has an indicated value of \$1 billion. On the same basis, the proforma market capitalization of M&T would be approximately \$3.8 billion following the merger.

Keystone also granted M&T a stock option to acquire up to 19.9% of the shares of common stock of Keystone under certain circumstances.

The transaction has been approved by the boards of directors of both companies, and is subject to a number of conditions, including various regulatory approvals and approvals of each company's stockholders. The doubling of the quarterly cash dividend on M&T's common stock and the 10-for-1 common stock split are subject to the approval of M&T's board of directors at the time the cash and stock dividends are declared. It is anticipated that the merger will be completed in late 2000.

This press release contains forward-looking statements with respect to the anticipated effects of the merger. The following factors, among others, could cause the actual results of the merger to differ materially from M&T's expectations: the ability to timely and fully realize expected cost savings and revenues; competition; changes in economic conditions, interest rates and financial markets; and changes in legislation or regulatory requirements. M&T does not assume any duty to update forward-looking statements.

ADDITIONAL INFORMATION

Information regarding the identity of the persons who may, under SEC rules, be deemed to be participants in the solicitation of shareholders of M&T and Keystone in connection with the merger, and their interests in the solicitation, is set forth in filings made by M&T and Keystone on the date of this press release with the SEC. M&T and Keystone will be filing a joint proxy statement/prospectus and other relevant documents concerning the transaction with the SEC. Investors are urged to read the joint proxy statement/prospectus when it becomes available and any other relevant documents filed with the SEC because they will contain important information. Investors will be able to obtain the documents free of charge at the SEC's web site (www.sec.gov). In addition, documents filed with the SEC by M&T may be obtained free of charge by contacting M&T Bank Corporation at One M&T Plaza, Buffalo, New York 14203, Attention: Investor Relations, (716) 842-5445. Documents filed with the SEC by Keystone will be available free of charge by contacting Keystone Financial, Inc., P.O. Box 708, Altoona, Pennsylvania, 16603, Attention: Shareholder Relations (717) 233-1555.

Investors should read the joint proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions.

FOR ANALYSTS: To participate in an analyst presentation at 10:30 a.m., EDT, Wednesday, May 17, dial toll-free 1-888-603-9742, Code #11111. The presentation can be played back until June 16, 2000 by calling 1-888-433-2207.

[Download M&T Analyst PowerPoint Presentation](#): (To save file, position your pointer over the link, and RIGHT click the mouse once. Select the "Save As" or "Save Target As" option.)