



## Madison National Bancorp, Inc., and FNB NY Bancorp, Inc., Extend Merger Agreement

Melville, NY, August 4, 2011- Madison National Bancorp, Inc., (Madison) (stock symbol MNBZ, OTCBB) announced today that it had agreed to extend its merger agreement with FNB NY Bancorp, Inc. Under the terms of the original merger agreement, executed on October 20, 2010, FNB NY will acquire Madison National Bancorp, Inc., and its banking subsidiary, Madison National Bank, for cash consideration of \$9.09 per share, as adjusted for certain net loan losses and mark-to-market adjustments for non-performing loans after June 30, 2010 and prior to closing to the extent such losses and adjustments exceed the Bank's existing loan loss reserve, subject to a minimum per share price of \$8.18.

On July 30, 2011, the parties extended the merger agreement for a period of up to an additional six (6) months to complete the transaction. Pursuant to the amended agreement, Madison will receive an extension payment of \$500,000 for each calendar month that the agreement is extended by FNB NY during the six month extension period. The final two payments during the extension period, if necessary, will be held in escrow. Accordingly, any extension payments during the first four months of the extension period will be recorded as income by Madison. In the event Madison does not receive an extension payment when due or the transaction is not closed by January 31, 2012, Madison will have the right to terminate the agreement. However, the amendment does not change the cash consideration to be received by shareholders under the merger agreement, or provide for any payment to shareholders in the event the agreement is terminated.

The merger remains subject to regulatory approval and the approval of Madison's stockholders. FNB NY has filed the necessary regulatory applications, which have been formally accepted and are currently being processed. Madison has not yet scheduled its stockholder meeting to vote on the merger and will announce the date, time and place of the meeting in the future. The amendment and original merger agreement are available for review in the Investor Relations section of Madison's website at: [www.madisonnational.com](http://www.madisonnational.com)

### **About Madison National Bank**

With assets of \$325.2 million at June 30, 2011, Madison National Bank is a locally owned and operated commercial bank, focusing on highly personalized and efficient services and products, responsive to local needs. Management and the Board of Directors is comprised of a select group of successful local businessmen and women who are committed to the success of the Company by knowing and understanding Long Island's financial needs and opportunities. Backed by state-of-the-art technology, Madison offers a full range of modern financial services. Madison employs a complete suite of consumer and commercial banking products and services, including multifamily and commercial mortgages, construction loans, home equity lines of credit, business

loans and lines of credit. Madison also offers 24-hour ATM service with no fees attached, free checking with interest, telephone banking, the most advanced technologies in internet banking for our consumer and business customers, safe deposit boxes and much more. Madison National Bank maintains its corporate offices in Melville, New York and currently operates three New York branch offices in Merrick, Melville, and Massapequa. Madison National Bank is a member of the Federal Deposit Insurance Corporation and is an Equal Housing/Equal Opportunity Lender. For further information, call 631-348-6999 or visit the Company's website at [www.madisonnational.com](http://www.madisonnational.com).

### **Forward-Looking Statements**

This news release contains certain forward-looking statements about the proposed merger of Madison and FNB NY. This release may also contain certain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and may be identified by the use of such words as "may," "believe," "expect," "anticipate," "should," "plan," "estimate," "predict," "continue," and "potential" or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, estimates with respect to the financial condition, results of operations and business of Madison National Bank. Any or all of the forward-looking statements in this release and in any other public statements made by Madison National Bank may turn out to be incorrect. They can be affected by inaccurate assumptions Madison National Bank might make or by known or unknown risks and uncertainties. Consequently, no forward-looking statement can be guaranteed. Madison National Bank does not intend to update any of the forward-looking statements after the date of this release or to conform these statements to actual events.

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