



Hauppauge, N.Y. (Business Wire) October 22, 2010- Madison National Bancorp, Inc. (Madison) (stock symbol MNBZ, OTCBB) today announced that it has entered into a definitive merger agreement with FNB NY Bancorp, Inc. (FNB NY) and its parent, Modern Capital Partners L.P. acting through Modern Capital Holdings LLC (Modern), its general partner, whereby FNB NY will acquire Madison and its banking subsidiary, Madison National Bank, in a transaction valued at approximately \$33.7 million. Madison also entered into a related stock purchase agreement with FNB NY, whereby FNB NY has purchased 182,260 newly issued shares of Madison's common stock at an issuance price of \$8.23 per, providing \$1.5 million of new capital to Madison.

Under the terms of the merger agreement, stockholders of Madison will receive cash consideration for each share of common stock equal to \$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.

Following the merger, Madison National Bank will continue to operate as a full service banking subsidiary of FNB NY. No branch closings are expected in connection with the merger and it is expected that the majority of Madison's executive officers and staff will remain with the Bank. Daniel L. Murphy, current Chief Executive Officer of the Bank, will continue as Chief Executive Officer of FNB NY's banking subsidiary which will be renamed First National Bank of New York.

Mr. Murphy stated "this is a unique opportunity expected to benefit all of our constituents. In addition to providing what we believe is an attractive price to our stockholders in light of market conditions, it also provides the bank with additional capital immediately, and access to future capital, if needed, which will allow us to continue to grow our franchise and provide our employees greater opportunities. More importantly, because the transaction is designed to capitalize on our existing platform and we are not merging into another bank; our customers will continue to bank with the same committed employees and enjoy the same level of customer service. This transaction provides us with a stronger capital base and a greater ability to expand our products, services and geographic reach."

Pursuant to the stock purchase agreement, FNB NY purchased 182,260 newly issued shares of Madison's common stock (or approximately 4.95% of outstanding shares) at \$8.23 per share, for a total investment of \$1.5 million. In the event the necessary regulatory approvals for the merger are not obtained by March 31, 2011, FNB NY will purchase an additional 182,260 shares of Madison common stock at a price equal to the per share tangible book value of such shares at such time, or such lesser number of shares as would result in FNB NY owning 9.9% of Madison's outstanding common stock.

Madison's willingness to join with FBNBY to establish a significant, well diversified and well capitalized new participant on the broader banking landscape of New York State is a very important step for FBNBY and illustrates our mutual commitment and policy with Madison to combine vibrant customer relationships with the effective delivery of the sophisticated and modern banking services that these times demand to the retail, commercial and municipal markets in which FBNBY will have a significant presence," said Ronald S. Krolick, President and Chief Executive Officer of FBNBY which is based in New York, New York. "We both recognize that strong banks are a vital member of strong communities, and are dedicated to improving the livelihood of the citizens in Madison's communities and elsewhere."

Consummation of the merger is subject to the approval of the stockholders of Madison, as well as applicable bank regulatory approvals. The transaction is expected to be completed in the 1<sup>st</sup> quarter of 2011.

FBNBY Bancorp, Inc. is wholly owned by Modern Capital Partners, L.P., a Delaware limited partnership with its principal office in New York, NY. A number of highly experienced and respected banking and financial services professionals in the Greater New York area have joined FBNBY and are dedicated to FBNBY's mission of building a strong, vibrant banking franchise capable of providing the credit and other banking services to residents, businesses and municipalities that have become increasingly scarce since the onset of the financial crisis.

Sandler O'Neill & Partners, L.P. served as the financial advisor for Madison and Stone Castle Portfolio Advisers advised FBNBY and Modern. Luse Gorman Pomerenk and Schick PC served as legal counsel to Madison and Debevoise & Plimpton LLP served as legal counsel to FBNBY and Modern.

The merger and stock purchase agreements 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 \$305.1 million at June 30, 2010, 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 Hauppauge, 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.

Madison Contact: William P. Mackey, Executive Vice President & CFO, 631-348-6999

FNB NY / Modern Contact: Dana Eagleton, Vice-President, 212-218-4081