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NewsRelease

For Immediate Release:

Cadwalader Represents Community Bank System, Inc. in its Definitive Agreement to Acquire Merchants Bancshares, Inc.

New York, NY October 24, 2016: Cadwalader is representing Community Bank System, Inc. (NYSE: CBU) in its definitive agreement to acquire Merchants Bancshares, Inc. (NASDAQ: MBVT), the parent company of Merchants Bank, in a cash and stock transaction for total consideration valued at approximately \$304 million.

Community Bank System operates more than 200 customer facilities across Upstate New York and Northeastern Pennsylvania through its banking subsidiary, Community Bank, N.A. With assets of approximately \$8.7 billion, the DeWitt, N.Y. headquartered company is among the country's 150 largest financial institutions. Merchants Bancshares is the largest statewide independent bank in Vermont, with total assets of nearly \$1.9 billion, deposits of \$1.5 billion and 32 banking offices. Additionally, Merchants is the third largest institution by deposit market share in Vermont, with a growing presence in Western Massachusetts.

The Cadwalader team is led by Corporate partner Andy Alin and Bank Regulatory partner Scott Cammarn, and includes special counsel Gillian Moldowan (Executive Compensation and Employee Benefits); associates Alexandra Cotter and Tim Polmateer (Corporate); partner Linda Swartz and special counsel Ed Wei (Tax); associate Marty Horowitz (Bank Regulatory); special counsel Nathan Bull (Litigation); and special counsel Adam Summers (Finance).

About Cadwalader, Wickersham & Taft LLP

Cadwalader, Wickersham & Taft LLP, established in 1792, serves a diverse client base, including many of the world's leading financial institutions and corporations in more than 50 countries. With offices in New York, London, Charlotte, Washington, Houston, Beijing, Hong Kong and Brussels, Cadwalader offers legal expertise in antitrust, banking, corporate finance, corporate governance, energy, environmental, executive compensation, financial restructuring, health care, intellectual property, litigation, mergers and acquisitions, private equity, private wealth, real estate, regulation, securitization, structured finance, tax and white collar defense. For more information, visit www.cadwalader.com.