

S&T BANCORP INC  
Form S-4/A  
February 21, 2008  
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As Filed with the Securities and Exchange Commission on February 21, 2008

Registration No. 333-149009

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**PRE-EFFECTIVE  
AMENDMENT NO. 1  
TO  
FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

## **S&T BANCORP, INC.**

(Exact name of Registrant as specified in its charter)

**Pennsylvania**  
(State or other jurisdiction of  
incorporation or organization)

**6022**  
(Primary Standard Industrial  
Classification Code Number)

**25-1434426**  
(IRS Employer  
Identification No.)

**800 Philadelphia Street**

**Indiana, PA 15701**

**(800) 325-2265**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**Robert E. Rout**

**Senior Executive Vice President,**

**Chief Financial Officer & Secretary**

**S&T Bancorp, Inc.**

**800 Philadelphia Street**

**Indiana, PA 15701**

**(724) 465-1487**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copies to:*

**Robert Ott, Esq.**

**ARNOLD & PORTER LLP**

**1600 Tysons Boulevard, Suite 900**

**McLean, VA 22102**

**(703) 720-7000**

**Charles G. Urtin**

**President &**

**Chief Executive Officer**

**IBT BANCORP, INC.**

**309 Main Street**

**Irwin, PA 15642**

**(724) 863-3100**

**James C. Stewart, Esq.**

**MALIZIA SPIDI & FISCH, PC**

**901 New York Avenue, N.W.**

**Suite 210 East**

**Washington, D.C. 20001**

**(202) 434-4660**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effective date of this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box " .

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. "

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION DATED FEBRUARY 21, 2008**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

On December 16, 2007, IBT Bancorp, Inc. agreed to merge with S&T Bancorp, Inc. We are sending you this proxy statement/prospectus to invite you to attend a special meeting of IBT shareholders being held to vote on the merger and to ask you to vote at the special meeting in favor of the agreement and plan of merger.

If the merger is completed, IBT will merge with and into S&T, and you will be entitled to elect to receive your merger consideration in the form of S&T common stock, cash or a combination of both. Subject to the election and adjustment procedures described in this document, you will be entitled to receive, in exchange for each share of IBT common stock you hold at the time of the merger, consideration, without interest, with a value equal to either (i) a cash payment of \$31.00, or (ii) between 0.93 and 0.97 of a share of S&T common stock. The precise number of shares will be based upon the average of the high and low sale prices for S&T common stock for the twenty trading day period preceding the date of the special meeting. The federal income tax consequences of the merger to you will depend on whether you receive cash, S&T common stock, or a combination of cash and S&T common stock in exchange for your shares of IBT common stock.

Pursuant to the terms of the merger agreement, 55% of the total number of shares of IBT common stock to be converted in the merger will be converted into stock consideration, and the remaining outstanding shares of IBT common stock (excluding the shares of IBT common stock to be cancelled) will be converted into cash consideration. As a result, if more IBT shareholders make valid elections to receive either S&T common stock or cash than is available as merger consideration under the merger agreement, those IBT shareholders electing the over-subscribed form of consideration will have the over-subscribed consideration proportionately reduced and substituted with consideration in the other form, despite their election.

As an example, if the average of the high and low sale prices of S&T common stock on The Nasdaq Global Select Market for the twenty trading days ending the day before the meeting of IBT shareholders at which the merger will be considered is \$\_\_\_\_, which was the average of the high and low sale prices of S&T common stock on The Nasdaq Global Select Market on February 25, 2008 (the most recent practicable date prior to the mailing of this proxy statement/prospectus), each share of IBT common stock would be converted into the right to receive either \$31.00 in cash or 0.97 of a share of S&T common stock. Based on that price, the 0.97 of a share of S&T common stock would have a market value of approximately \$\_\_\_\_. A chart showing the cash and stock merger consideration at various hypothetical averages of the high and low sale prices of S&T common stock is provided on page 5 of this document.

The market prices of both S&T common stock and IBT common stock will fluctuate before the merger. You should obtain current stock price quotations for S&T common stock and IBT common stock. S&T common stock trades on The Nasdaq Global Select Market under the symbol STBA and IBT common stock is quoted on The American Stock Exchange under the symbol IRW.

The special meeting of the shareholders of IBT will be held on May 13, 2008 at 2:00 p.m., local time, at the Irwin Masonic Hall located at 417 Main Street, Irwin, Pennsylvania. **Your vote is important.** 66<sup>2</sup>/<sub>3</sub>% of the outstanding shares of IBT common stock (excluding shares held by S&T) are required to adopt the agreement and plan of merger. A majority of the outstanding IBT common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting. Because shares held by S&T are excluded from

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voting to adopt the agreement and plan of merger, a vote of approximately 73% of the remaining shares is required for approval. The members of the board of directors of IBT, who in the aggregate have the power to vote approximately 7.83% of the outstanding shares of IBT common stock, have each executed a voting agreement with S&T pursuant to which they have agreed to vote their shares of IBT common stock in favor of the agreement and plan of merger and against any competing business combination transaction. Regardless of whether you plan to attend the special shareholders meeting, please take the time to vote your shares in accordance with the instructions contained in this document. **The IBT board of directors recommends that IBT shareholders vote FOR adoption of the agreement and plan of merger, FOR approval of an amendment to IBT's restated articles of incorporation, and FOR approval to adjourn the special meeting, if necessary, to solicit additional proxies.**

**This document describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire document, including Risk Factors beginning on page 16, for a discussion of the risks relating to the proposed merger. You also can obtain information about IBT and S&T from documents that each company has filed with the Securities and Exchange Commission.**

Sincerely,

Charles G. Urtin  
President and Chief Executive Officer  
IBT Bancorp, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the S&T common stock to be issued under this document or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this document is February 26, 2008, and it is first being mailed or otherwise delivered to IBT shareholders on or about February 28, 2008.

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**IBT BANCORP, INC.**

**309 Main Street**

**Irwin, PA 15642**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

IBT Bancorp, Inc. will hold a special meeting of shareholders at the Irwin Masonic Hall located at 417 Main Street, Irwin, Pennsylvania, at 2:00 p.m. local time, on May 13, 2008 to consider and vote upon the following proposals:

to adopt the Agreement and Plan of Merger, dated December 16, 2007, by and between IBT Bancorp, Inc. and S&T Bancorp, Inc., which provides for, among other things, the merger of IBT Bancorp, Inc. with and into S&T Bancorp, Inc.;

to approve an amendment to Section 12 of IBT's restated articles of incorporation to delete the pricing provision therefrom;

to approve a proposal to authorize the board of directors to adjourn the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to approve the proposals to adopt the agreement and plan of merger or the amendment to the restated articles of incorporation; and

to transact any other business as may properly be brought before the special meeting or any adjournments or postponements of the special meeting.

The IBT board of directors has fixed the close of business on February 21, 2008 as the record date for the special meeting. Only IBT shareholders of record at that time are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement of the special meeting.

The affirmative vote of 66<sup>2</sup>/3% of the outstanding shares of IBT stock entitled to vote at the IBT special meeting (which excludes shares held by S&T as it holds 5% or more of the outstanding shares of IBT common stock as of the record date) is required to adopt the agreement and plan of merger. Because shares held by S&T are excluded from voting to adopt the agreement and plan of merger, a vote of approximately 73% percent of the remaining shares is required for approval.

**Regardless of whether you plan to attend the special meeting, please submit your proxy with voting instructions. Please vote as soon as possible as failure to vote has the same effect as a vote AGAINST the merger. If you hold stock in your name as a shareholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. If you hold your stock in street name through a bank or broker, please direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker.** This will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any holder of IBT common stock who is present at the special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before its exercise at the special meeting in the manner described in the accompanying document.

**The IBT board of directors has unanimously adopted the agreement and plan of merger and recommends that IBT shareholders vote FOR adoption of the agreement and plan of merger, FOR approval of an amendment to IBT's restated articles of incorporation, and FOR approval to adjourn the special meeting, if necessary, to solicit additional proxies.**

BY ORDER OF THE BOARD OF DIRECTORS

Robert A. Bowell

Secretary

February 28, 2008

Irwin, Pennsylvania

**YOUR VOTE IS IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD.**

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about S&T and IBT from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document, other than certain exhibits to those documents, by requesting them in writing or by telephone from the appropriate company at the following addresses:

**S&T Bancorp, Inc.**

**800 Philadelphia Street**

**Indiana, PA 15701**

**Attention: Shareholder Services**

**(800) 325-2265**

**IBT Bancorp, Inc.**

**309 Main Street**

**Irwin, PA 15642**

**Attention: Kristin S. Robertucci**

**(724) 863-3100**

*You will not be charged for any of these documents that you request. IBT shareholders requesting documents should do so by May 6, 2008 in order to receive them before the special meeting.*

See [Where You Can Find More Information](#) on page 81.



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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING**

The questions and answers below highlight only selected procedural information from this document. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this document to fully understand the voting procedures for the special meeting.

**Q: Why am I receiving these materials?**

A: We are sending you these materials to solicit your proxy and help you decide how to vote your shares of IBT common stock with respect to the proposed transaction.

**Q: What is the proposed transaction for which I am being asked to vote?**

A: You are being asked to vote upon proposals to (i) adopt the Agreement and Plan of Merger, dated December 16, 2007, by and between IBT Bancorp, Inc. and S&T Bancorp, Inc., which provides for, among other things, the merger of IBT Bancorp, Inc. with and into S&T Bancorp, Inc., (ii) amend IBT's restated articles of incorporation and (iii) adjourn the special meeting, if necessary, to solicit additional proxies.

**Q: Why are you asking me to vote to amend IBT's restated articles of incorporation?**

A: Under the IBT restated articles of incorporation, if the value of stock consideration were less than the higher of the highest closing price of the IBT common stock during the 30 day period ending the day before the date the merger was announced or the highest price per share that S&T has paid for IBT then there might be some question as to the validity of the merger. For this to happen, the S&T stock price would have to drop below \$25.74 per share, then the value of the stock consideration would be less than \$24.97, which is the highest price paid by S&T for the shares of IBT common stock it owns. Although we have no reason to think that this would happen, given current conditions in the stock market generally we believe that amending the restated articles of incorporation to remove this pricing provision may reduce some uncertainty about completing the merger due to circumstances beyond our control.

**Q: What do I need to do now?**

A: With respect to the special meeting after you have carefully read this document and decided how you wish to vote your shares, please vote your shares promptly. If you hold stock in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Submitting your proxy card or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the special meeting.

With respect to the merger you should complete and return the election form, together with your common stock certificates, to the American Stock Transfer and Trust Company, the exchange agent for the merger, according to the instructions printed on the form or, if your shares are held in street name, according to your broker's instructions.

**Q: When must I elect the type of merger consideration that I prefer to receive?**

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- A: If you wish to elect the type of merger consideration you receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is being separately mailed to IBT shareholders following the mailing of this document. You will need to sign, date and complete the election form and transmittal materials and return them to the exchange agent, American Stock Transfer and Trust Company, at the address given in the materials, together with the certificates representing shares of IBT

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common stock, prior to the election deadline. The election deadline will be May 12, 2008 or such other date as the parties agree. If you do not submit a properly completed and signed form of election to the exchange agent by the election deadline, you will have no control over the type of merger consideration you may receive, and consequently, may receive only cash, only S&T common stock or a combination of cash and S&T common stock in the merger. Because of the way the election and proration procedures work, even if you submit a properly completed and signed form of election, it is still possible that you may not receive exactly the type of consideration you have elected. If you hold shares in street name, you will have to follow your broker's instructions to make an election.

**Q: If I am an IBT shareholder, should I send in my IBT stock certificates with my proxy card?**

A: No. **PLEASE DO NOT SEND YOUR IBT STOCK CERTIFICATES WITH YOUR PROXY CARD.** You should carefully review and follow the instructions set forth in the form of election, which is being mailed to IBT shareholders separately following the mailing of this document, regarding the surrender of your share certificates. You should then, prior to the election deadline, send your IBT common stock certificates to the exchange agent, together with your completed, signed form of election.

**Q: Why is my vote important?**

A: Because the merger cannot be completed without the affirmative vote of 66<sup>2</sup>/<sub>3</sub>% of the outstanding shares of IBT common stock entitled to vote (which excludes the shares held by S&T), and because a majority of the outstanding IBT common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting, every shareholder's vote is important. Because the shares held by S&T are excluded from voting on the merger, a vote of approximately 73% of the remaining shares is necessary. **FAILURE TO VOTE WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE MERGER.** The IBT board of directors recommends that you vote FOR adoption of the agreement and plan of merger. The members of the board of directors of IBT, who in the aggregate have the power to vote approximately 7.83% of the outstanding shares of IBT common stock, have each executed a voting agreement with S&T pursuant to which they have agreed to vote their shares of IBT common stock in favor of the agreement and plan of merger and against any competing business combination transaction.

**Q: What vote is required to amend IBT's restated articles of incorporation?**

A: Amending the restated articles of incorporation requires a vote of at least 50% of the outstanding IBT shares.

**Q: If my shares of common stock are held in street name by my broker, will my broker automatically vote my shares for me?**

A: No. Your broker **CANNOT** vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

**Q: What if I fail to instruct my broker?**

A: If you do not provide your broker with instructions, your broker generally will not be permitted to vote your shares on the merger proposal (a so-called broker non-vote). Because adoption of the agreement and plan of merger requires the approval of 66<sup>2</sup>/<sub>3</sub>% of all of the outstanding IBT shares eligible to vote, if your broker cannot vote your shares in favor of the agreement and plan of merger it will have the effect of voting your shares against the agreement and plan of merger. In fact, because the shares held by S&T are excluded from voting on the merger, a vote of approximately 73% of the remaining shares is necessary to adopt the agreement and plan of merger. For purposes of determining the number of votes cast with respect to the merger proposal, only

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those votes cast for or against the proposal are counted. Broker non-votes, if

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any are submitted by brokers or nominees in connection with the special meeting, will not be counted as votes for or against for purposes of determining the number of votes cast (thus having the effect of a vote against the proposal to adopt the agreement and plan of merger), but will be treated as present for quorum purposes.

**Q: Can I attend the special meeting and vote my shares in person?**

A: Yes. All shareholders, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Holders of record of IBT common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

**Q: Can I change my vote?**

A: Yes. You may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to the Secretary of IBT, or (3) attending the special meeting in person, notifying the Secretary and voting by ballot at the special meeting. The IBT Secretary's mailing address is IBT Bancorp, Inc., 309 Main Street, Irwin, PA 15642.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy, but the mere presence (without notifying the Secretary of IBT) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

**Q: When do you expect to complete the merger?**

A: We expect to complete the merger in the second quarter of 2008. However, we cannot assure you when or if the merger will occur. Among other things, we cannot complete the merger until we obtain the approval of IBT shareholders at the special meeting.

**Q: Whom should I call with questions about the shareholders meeting or the merger?**

A: IBT shareholders should call Georgeson Shareholder Communications, Inc., IBT's proxy solicitor, at 1-800-368-5948 with any questions about the merger and related transactions.



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**SUMMARY**

*This summary highlights information contained elsewhere in this document and may not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer in order to fully understand the merger and the related transactions. See **Where You Can Find More Information** on page 81. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.*

**The Merger (page 24)**

The terms and conditions of the merger are contained in the merger agreement, which is attached as Annex A to this document and incorporated by reference herein. Please carefully read the merger agreement as it is the legal document that governs the merger.

**IBT Will Merge into S&T**

We are proposing the merger of IBT with and into S&T. As a result, S&T will continue as the surviving company.

**IBT Shareholders Will Receive Cash and/or Shares of S&T Common Stock in the Merger Depending on Their Election and Any Proration (page 43)**

You will have the right to elect to receive merger consideration, without interest, for each of your shares of IBT common stock in the form of cash or between 0.93 and 0.97 of a share of S&T common stock with the precise number to be determined based upon the average of the high and low sales prices for the twenty trading day period ending the day before the special meeting, subject to proration in the circumstances described below. In the event of proration, you may receive a portion of the merger consideration in a form other than that which you elected.

Record holders may specify different elections with respect to different shares that you hold (if, for example, you own 100 shares of IBT common stock, you could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

As an example, based on the average of the high and low sale prices of S&T common stock on The Nasdaq Global Select Market for the twenty trading days ending on February 25, 2008, for each share of IBT common stock held, you would receive either \$31.00 in cash or 0.97 of a share of S&T common stock, subject to possible proration. Based on that price, the 0.97 of a share of S&T common stock would have a market value of approximately \$\_\_\_\_. We will compute the actual amount of cash and number of shares of S&T common stock that each IBT shareholder will receive in the merger using the formula contained in the merger agreement. For a summary of the formula contained in the merger agreement, see **The Merger Agreement Consideration To Be Received in the Merger** beginning on page 43 .

As discussed above, in the merger, you may receive cash or shares of S&T common stock or a combination of cash and stock for your IBT shares. On an aggregate basis, 55% of the outstanding shares of IBT common stock will be converted into the right to receive shares of S&T common stock and 45% of the outstanding shares of IBT common stock will be converted into the right to receive cash. Subject to that requirement, you may elect to receive all cash, all S&T common stock or a combination of both for your shares of IBT common stock.

The following table provides examples of how the value of the merger consideration may change depending on the average high and low share price of S&T common stock. The range of prices set forth in the table has been included for representative purposes only. The market price at the time of the exchange of your IBT shares for the per share stock consideration may be less than \$25.00 or more than \$40.00. We cannot assure you as to what

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the market price of the S&T common stock to be issued in the merger will be at or following the time of the exchange. The table assumes that IBT will not have a right to terminate the merger agreement under the circumstances described under the heading entitled "The Merger Agreement - Termination of the Merger Agreement" on page 54.

Hypothetical 20-Day Average Price of S&T Common Stock	Exchange ratio	Implied Value of S&T Stock
		Received in Exchange Per Share of IBT Stock
\$40.00	0.9300	\$37.20
39.00	0.9300	36.27
38.00	0.9300	35.34
37.00	0.9300	34.41
36.00	0.9300	33.48
35.00	0.9300	32.55
34.00	0.9300	31.62
33.33	0.9300	31.00
33.00	0.9393	31.00
32.98	0.9400	31.00
32.75	0.9465	31.00
32.63	0.9500	31.00
32.50	0.9537	31.00
32.29	0.9600	31.00
32.25	0.9613	31.00
32.00	0.9686	31.00
31.96	0.9700	31.00
31.00	0.9700	30.07
30.00	0.9700	29.10
29.00	0.9700	28.13
28.00	0.9700	27.16
27.00	0.9700	26.19
26.00	0.9700	25.22
25.00	0.9700	24.25

The examples above are illustrative only. The value of the merger consideration that you actually receive will be based on the actual average of the high and low sale prices of S&T common stock on The Nasdaq Global Select Market for the twenty trading days ending the day before the special meeting of IBT shareholders, as described below. The actual average of the high and low sale prices may be outside the range of the amounts set forth above, and as a result, the actual value of the merger consideration per share of S&T common stock may not be shown in the above table.

Because the tax consequences of receiving cash in the merger will differ from the tax consequences of receiving S&T common stock, you should carefully read the tax information beginning on page 64.

**Regardless of Whether You Make an Election, You May Not Receive the Consideration You Elected (page 44)**

Pursuant to the terms of the merger agreement, 55% of the total number of shares of IBT common stock outstanding at the effective time of the merger (which excludes the shares of IBT common stock to be cancelled) will be converted into stock consideration, and the remaining outstanding shares of IBT common stock (excluding the shares of IBT common stock to be cancelled) will be converted into cash consideration. As a result, if more IBT shareholders make valid elections to receive either S&T common stock or cash than is available as merger consideration under the merger agreement, those IBT shareholders electing the over-subscribed form of consideration will have the over-subscribed consideration proportionately reduced and substituted with consideration in the other form, despite their election.



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### **The IBT Stock Options Will Be Cancelled in Exchange for a Cash Payment (page 45)**

When we complete the merger, each outstanding option to purchase shares of IBT common stock, whether or not then exercisable, will be cancelled in exchange for the right to receive a lump sum cash payment equal to the difference between \$31.00 and the exercise price of such IBT stock option. The lump sum cash payment will be subject to applicable tax withholding.

### **In Order To Make a Valid Election, You Must Properly Complete and Deliver the Form of Election (page 45)**

If you wish to elect the type of merger consideration you prefer to receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is being mailed to IBT shareholders separately following the mailing of this document. You will need to sign, date and complete the election form and transmittal materials and return them to the exchange agent at the address given in the materials, together with the certificates representing shares of IBT common stock prior to the election deadline. **You should NOT send your stock certificates with your proxy card.**

The election deadline will be May 12, 2008 or such later date as the parties agree. If you do not submit a properly completed and signed form of election to the exchange agent by the election deadline, you will have no control over the type of merger consideration you may receive, and, consequently, may receive only cash, only S&T common stock or a combination of cash and S&T common stock in the merger. If you hold shares in street name, you will have to follow your broker's instructions to make an election.

Once you have tendered your IBT stock certificates to the exchange agent, you may not transfer your shares of IBT common stock represented by those stock certificates until the merger is completed, unless you revoke your election by written notice to the exchange agent that is received prior to the election deadline. If the merger is not completed and the merger agreement is terminated, your stock certificates will be returned by the exchange agent.

If you are a registered IBT shareholder and fail to submit a properly completed form of election, together with your IBT stock certificates, prior to the election deadline, you will be deemed to not have made an election. As a non-electing holder, you will be paid merger consideration with a per share value that is equivalent in value to that paid per share to holders making elections, but you may be paid all in cash, all in S&T common stock, or in part cash and in part S&T common stock, depending on the remaining pool of cash and S&T common stock available for paying merger consideration after honoring the cash elections and stock elections that other shareholders have made, and without regard to your preference.

### **Your Expected United States Federal Income Tax Treatment as a Result of the Merger (page 64)**

S&T and IBT have structured the merger to be treated as a reorganization for United States federal income tax purposes. Each of S&T and IBT has conditioned the consummation of the merger on its receipt of a legal opinion that this will be the case. Your federal income tax treatment will depend primarily on whether you exchange your IBT common stock solely for S&T common stock (with cash received instead of a fractional share of S&T common stock), solely for cash, or for a combination of S&T common stock and cash.

Generally, you will not recognize gain or loss on the exchange of IBT common stock solely for S&T common stock in the merger except with respect to the cash you receive in lieu of a fractional share interest in S&T common stock. If you receive only cash in exchange for your IBT common stock in the merger, then you generally will recognize gain or loss equal to the difference between the amount of cash you receive and your adjusted tax basis in the shares of IBT common stock you surrender. If you exchange your IBT common stock for a combination of S&T common stock and cash, then you generally will recognize gain equal to the amount of

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cash you receive (not counting cash received in lieu of a fractional share interest in S&T common stock) or the amount of gain you realize, whichever is lower, but you will not recognize any loss. If you receive cash instead of a fractional share interest in S&T common stock, you will recognize gain or loss on your receipt of that cash.

Exceptions to these conclusions or other considerations may apply. Some of these are discussed beginning on page 64. Determining the actual tax consequences of the merger to you can be complicated. Those consequences will depend on your specific situation, on whether you elect to receive common stock, cash or a mix of common stock and cash, on whether your election is effective or must be changed under the proration provisions of the merger agreement, and on many variables which are not within our control. For further information, please refer to Material United States Federal Income Tax Consequences of the Merger (page 64). **You should also consult your own tax advisor for a full understanding of the merger's federal income tax and other tax consequences as they apply specifically to you.**

*The United States federal income tax consequences described above may not apply to all holders of IBT common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.*

**Comparative Market Prices and Share Information (page 80)**

S&T common stock is quoted on The Nasdaq Global Select Market under the symbol STBA. IBT common stock is quoted on The American Stock Exchange under the symbol IRW. The following table shows the closing sale prices of S&T common stock and IBT common stock as reported on The Nasdaq Global Select Market and The American Stock Exchange on December 14, 2007, the last trading day before we announced the merger, and on February 25, 2008, the last practicable trading day prior to mailing this document. The table also presents the equivalent value of the merger consideration per share of IBT common stock on December 14, 2007, and February 25, 2008, calculated by multiplying the closing sale prices of S&T common stock on those dates by 0.97, representing the fraction of a share of S&T common stock that IBT shareholders electing to receive S&T common stock would receive in the merger for each share of IBT common stock, assuming that the average of the high and low sale prices of S&T common stock on The Nasdaq Global Select Market for the twenty trading days ending the day before the special meeting was the closing sale prices of S&T common stock on December 14, 2007 and February 25, 2008, respectively, and assuming no proration.

	S&T Common Stock	IBT Common Stock	Equivalent per Share Value
At December 14, 2007	\$ 28.85	\$ 19.19	\$ 27.98
At February 25, 2008	\$	\$	\$

The market price of S&T common stock and IBT common stock will fluctuate prior to the merger. You should obtain current stock price quotations for the shares.

**Sandler O'Neill & Partners, L.P. Has Provided an Opinion to the IBT Board of Directors Regarding the Fairness of the Merger Consideration (page 28)**

IBT's financial advisor, Sandler O'Neill & Partners, L.P., which we refer to as Sandler O'Neill in this document, has conducted financial analyses and delivered an opinion to IBT's board of directors that, as of the date of the merger agreement, the consideration to be received by IBT shareholders was fair from a financial point of view to IBT shareholders.

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### **The IBT Board of Directors Recommends that IBT Shareholders Vote FOR Adoption of the Agreement and Plan of Merger and FOR the Other Proposals Being Considered at the Special Meeting (page 26)**

The IBT board of directors believes that the merger is in the best interests of IBT and its shareholders and has unanimously adopted the merger and the merger agreement. The IBT board of directors recommends that IBT shareholders vote FOR adoption of the agreement and plan of merger. The IBT board also recommends that shareholders vote FOR the proposal to amend Article 12 of IBT's restated articles of incorporation and FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

### **IBT's Directors and Officers Have Financial Interests in the Merger that May Differ from Your Interests (page 38)**

In considering the information contained in this document, you should be aware that IBT's executive officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of IBT shareholders. These additional interests of IBT's executive officers and directors may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than you may view it as a shareholder.

IBT's board of directors was aware of these interests and took them into account in its decision to adopt the agreement and plan of merger. For information concerning these interests, please see the discussion under the caption IBT's Directors and Officers Have Financial Interests in the Merger.

### **Holders of IBT Common Stock Do Not Have Appraisal Rights (page 37)**

IBT is incorporated under Pennsylvania law. Under Pennsylvania law, the shareholders of IBT do not have any statutory right to dissent from the merger or seek an appraisal of the value of their shares in connection with the merger.

### **Conditions that Must Be Satisfied or Waived for the Merger To Occur (page 53)**

Currently, we expect to complete the merger in the second quarter of 2008. As more fully described in this document and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval by the requisite vote of the IBT shareholders, the receipt of all required regulatory approvals from the Federal Deposit Insurance Corporation, which we refer to as the FDIC, and the Pennsylvania Department of Banking, and non-objection to the required notice filed with the Federal Reserve Bank of Cleveland, all without a condition or a restriction that S&T reasonably determines would have a material adverse effect on S&T or would be unduly burdensome, and the receipt of a legal opinion by each company regarding the tax treatment of the merger.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

### **Termination of the Merger Agreement (page 54)**

We may mutually agree to terminate the merger agreement before completing the merger, even after shareholder approval. In addition, either of us may decide to terminate the merger agreement, even after shareholder approval, if a governmental entity issues a final order that is not appealable prohibiting the merger, if a bank regulator which must grant a regulatory approval as a condition to the merger denies such approval of the merger and such denial has become final and is not appealable, or if the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to cure the breach within 30 days following written notice (unless it is not possible due to the nature or timing of the breach for the breaching party to cure the breach).

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Either of us may terminate the merger agreement if the merger has not been completed by September 30, 2008, unless the reason the merger has not been completed by that date is a breach of the merger agreement by the company seeking to terminate the merger agreement. Either of us may terminate the merger agreement if the IBT shareholders fail to adopt the agreement and plan of merger at the special meeting by the requisite vote, provided that IBT cannot terminate the merger agreement for this reason if it has failed to comply with its obligation to hold the special meeting.

S&T may terminate the merger agreement if the IBT board of directors (1) fails to recommend that IBT shareholders adopt the agreement and plan of merger, (2) withdraws or modifies its recommendation (or proposes to do so) in a manner adverse to S&T, or (3) recommends a competing merger proposal in a manner adverse to S&T.

In addition, IBT may terminate the merger agreement if the twenty-day average of the high and low sale prices of S&T common stock price for the period preceding receipt of all regulatory approvals (1) declines by more than 15% from \$28.85, which was the closing price for S&T common stock on the last trading day prior to execution of the merger agreement and (2) underperforms the Nasdaq Bank Index by more than 15%; unless S&T exercises its option to increase the number of S&T common shares to be received by IBT shareholders such that the implied value of the merger would be equivalent to the minimum implied value that would have had to exist for the above price-based termination right to have not been triggered. These calculations are made as of the date on which the last required regulatory approval is obtained (without regard to any waiting period). IBT may also terminate the merger agreement in order to enter into an agreement with another party if it receives an acquisition proposal that IBT's board of directors determines, after consultation with its financial advisor, is superior to the merger from a financial point of view to IBT's shareholders, and if certain additional conditions are satisfied.

### **Termination Fee (page 55)**

In the event that the merger agreement is terminated because:

(1) IBT materially breaches any representation, warranty or covenant contained in the merger agreement, (2) the IBT board of directors fails to recommend that IBT shareholders adopt the agreement and plan of merger, withdraws or modifies its recommendation in a manner adverse to S&T, or recommends an alternative business combination proposal, (3) the IBT shareholders fail to approve the merger agreement, or (4) IBT terminates the agreement to accept a superior proposal *and* in all instances, prior to the termination, an alternative acquisition proposal was commenced or publicly announced *and*, in all cases, IBT then enters into a definitive agreement relating to a competing takeover proposal before the eighteen month anniversary of the termination; or

prior to termination a competing takeover proposal is made to IBT or its shareholders or has been publicly announced, the agreement is then terminated by S&T because IBT does not call a meeting to vote on the merger agreement or fails to recommend adoption of the merger agreement and IBT then enters into a definitive agreement relating to a competing takeover proposal before the eighteen month anniversary of the receipt of the competing proposal,

IBT will pay S&T a \$6.5 million termination fee.

### **Regulatory Approvals Required for the Merger (page 37)**

The merger is subject to the prior approval of the FDIC and the Pennsylvania Department of Banking, and prior notice to, and non-objection from, the Federal Reserve Bank of Cleveland. S&T has filed or will file the required applications and notices. The merger will not proceed in the absence of regulatory approvals. Although

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S&T does not know of any reason why it would not obtain regulatory approval in a timely manner, S&T cannot be certain when such approvals will be obtained or if they will be obtained.

**The Rights of IBT Shareholders Who Receive the Stock Consideration Will Be Governed by Pennsylvania Law and the S&T Articles of Incorporation and By-laws after the Merger (page 72)**

The rights of IBT shareholders will change as a result of the merger due to differences in S&T's and IBT's governing documents. Page 72 of this document contains a description of shareholder rights under each of the S&T and IBT governing documents, and describes the material differences between them.

**Amending IBT's Restated Articles of Incorporation (page 77)**

Under the IBT restated articles of incorporation, if the value of stock consideration were less than the higher of the highest closing price of the IBT common stock during the 30 day period ending the day before the date the merger was announced or the highest price per share that S&T has paid for IBT then there might be some question as to the validity of the merger. For this to happen, the S&T stock price would have to drop below \$25.74 per share. Although we have no reason to think that this would happen, given current conditions in the stock market generally we believe that amending the restated articles of incorporation to remove this pricing provision may reduce some uncertainty about completing the merger due to circumstances beyond our control. If the proposal to amend the restated articles of incorporation is not approved and the value of the merger consideration falls below \$24.97, the merger may not occur.

**IBT will Hold its Special Meeting on Tuesday, May 13, 2008 (page 21)**

The special meeting will be held on Tuesday, May 13, 2008, at 2:00 p.m., local time, at the Irwin Masonic Hall located at 417 Main Street, Irwin, Pennsylvania. At the special meeting, IBT shareholders will be asked to:

adopt the agreement and plan of merger;

amend IBT's restated articles of incorporation; and

approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to adopt the agreement and plan of merger or the proposal to amend the restated articles of incorporation.

*Record Date.* Only holders of record of IBT common stock at the close of business on February 21, 2008 will be entitled to vote at the special meeting. Each share of IBT common stock is entitled to one vote. As of the record date of February 21, 2008, there were 5,852,924 shares of IBT common stock entitled to vote at the special meeting.

*Required Vote.* The affirmative vote of 66<sup>2</sup>/<sub>3</sub>% of the outstanding shares of IBT common stock entitled to vote (which excludes the shares held by S&T) at the IBT special meeting is required to adopt the agreement and plan of merger. In fact, because the shares held by S&T are excluded from voting on the merger, a vote of approximately 73% of the remaining shares is necessary. The affirmative vote of at least 50% of the outstanding shares of IBT common stock entitled to vote at the IBT special meeting is required to amend IBT's restated articles of incorporation and the affirmative vote of a majority of the shares of IBT common stock present in person or by proxy is required to adjourn the special meeting, in certain circumstances, to solicit additional proxies. A majority of the outstanding IBT common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting.



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As of the record date, directors and executive officers of IBT and their affiliates had the right to vote approximately 483,420 shares of IBT common stock, or 8.26% of the outstanding IBT common stock entitled to be voted at the special meeting. The directors of IBT, who in the aggregate have the power to vote approximately 7.83% of the outstanding shares of IBT common stock, have each executed a voting agreement with S&T pursuant to which they have agreed to vote their shares of IBT common stock in favor of the agreement and plan of merger and against any competing business combination transaction.

**Information about the Companies (page 68)**

***S&T Bancorp, Inc.***

S&T is a Pennsylvania corporation and a financial holding company with its headquarters located in Indiana, Pennsylvania and with assets of approximately \$3.4 billion at September 30, 2007. S&T provides a full range of financial services through a branch network of 46 offices located in Allegheny, Armstrong, Blair, Butler, Cambria, Clarion, Clearfield, Indiana, Jefferson and Westmoreland counties of Pennsylvania. S&T provides full service retail and commercial banking products as well as cash management services, insurance, estate planning and administration, employee benefit, investment management and administration, corporate services and other fiduciary services. S&T's common stock trades on The Nasdaq Global Select Market under the symbol STBA. The principal executive offices of S&T are located at S&T Bancorp, Inc., 800 Philadelphia Street, Indiana, PA 15701, and its telephone number is (800) 325-2265.

***IBT Bancorp, Inc.***

IBT is a Pennsylvania corporation headquartered in Irwin, Pennsylvania, which provides a full range of commercial and retail banking and trust services through its wholly-owned banking subsidiary, Irwin Bank. At September 30, 2007, IBT had total consolidated assets of \$773.8 million, deposits of \$580.5 million and shareholders' equity of \$62.9 million. IBT Bancorp, Inc.'s common stock is traded on The American Stock Exchange under the symbol IRW. The principal executive offices of IBT are located at IBT Bancorp, Inc., 309 Main Street, Irwin, PA 15642, and its telephone number is (724) 863-3100.

**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF S&T BANCORP, INC.**

Set forth below are highlights from S&T's consolidated financial data as of and for the years ended December 31, 2002 through 2006 and as of and for the nine months ended September 30, 2007 and 2006. The results of operations for the nine months ended September 30, 2007 and 2006 are not necessarily indicative of the results of operations for the full year or any other interim period. S&T management prepared the unaudited information on the same basis as it prepared S&T's audited consolidated financial statements. In the opinion of S&T management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with S&T's consolidated financial statements and related notes included in S&T's Annual Report on Form 10-K for the year ended December 31, 2006, and S&T's Quarterly Reports on Form 10-Q for the quarters ended September 30, 2007, June 30, 2007 and March 31, 2007, which are incorporated by reference in this document and from which this information is derived. See "Where You Can Find More Information" on page 81.

**S&T Summary of Consolidated Financial Data**

	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
<i>(dollars in thousands except per share data)</i>							
<b>Balance Sheet Data:</b>							
Assets	\$ 3,361,746	\$ 3,278,710	\$ 3,338,543	\$ 3,194,979	\$ 2,989,034	\$ 2,900,272	\$ 2,823,867
Loans, net of allowance for loan losses	2,717,420	2,584,537	2,633,071	2,454,934	2,253,089	2,069,142	1,968,755
Investment securities	375,150	431,490	442,607	494,575	518,171	611,083	641,164
Deposits	2,620,176	2,536,092	2,565,306	2,418,884	2,176,263	1,962,253	1,926,119
Borrowings	362,064	348,568	384,962	371,605	409,709	548,953	531,081
Shareholders' equity	327,863	335,011	339,051	352,421	349,129	332,718	306,114
<b>Income Statement Data:</b>							
Net interest income	\$ 86,437	\$ 85,043	\$ 113,118	\$ 112,608	\$ 107,748	\$ 104,394	\$ 94,860
Provision for loan losses	4,625	8,552	9,380	5,000	4,400	7,300	7,800
Noninterest income, including security gains and losses	31,324	30,739	40,390	37,386	34,401	36,204	32,680
Noninterest expense	53,779	50,552	69,279	62,464	60,390	60,658	51,766
Income before taxes	59,357	56,678	74,849	82,530	77,359	72,640	67,974
Net income	42,833	40,138	53,336	58,243	54,358	51,777	48,604
Diluted earnings per share	1.72	1.54	2.06	2.18	2.03	1.94	1.81
<b>Earnings Performance Ratios<sup>(1)</sup>:</b>							
Return on average total assets	1.71%	1.65%	1.64%	1.90%	1.83%	1.81%	1.94%
Return on average shareholders' equity	17.37	15.40	15.37	16.57	16.07	16.23	16.15
Net interest margin	3.85	3.88	3.86	4.05	3.99	4.04	4.13
<b>Asset Quality Ratios<sup>(1)</sup>:</b>							
Net loans charged off to average loans	0.18%	0.64%	0.49%	0.07%	0.07%	0.29%	0.34%
Non-performing assets to period-end loans	0.52	0.58	0.74	0.45	0.28	0.43	0.29
Allowance for loan losses to non-performing loans	236	217	167	328	543	345	517
Allowance for loan losses to total loans	1.24	1.25	1.25	1.47	1.50	1.50	1.51
<b>Capital Ratios:</b>							
Leverage ratio	8.38%	8.57%	8.84%	9.50%	9.51%	9.16%	8.46%
Total risk-based capital ratio	11.50	11.94	11.93	12.09	12.58	12.39	11.63

<sup>(1)</sup> Returns, net interest margin and charge-off data for the nine-month periods ended September 30, 2007 and 2006 are annualized. Net interest margin is presented on a fully tax equivalent basis.

**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF IBT BANCORP, INC.**

Set forth below are highlights from IBT's audited consolidated financial data as of and for the years ended December 31, 2002 through 2006 and IBT's unaudited consolidated financial data as of and for the nine months ended September 30, 2007 and 2006. The results of operations for the nine months ended September 30, 2007 and 2006 are not necessarily indicative of the results of operations for the full year or any other interim period. The unaudited information was prepared on the same basis as IBT's audited consolidated financial statements. In the opinion of IBT management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with IBT's consolidated financial statements and related notes included in IBT's Annual Report on Form 10-K, for the year ended December 31, 2006, and IBT's Quarterly Report on Form 10-Q, for the quarters ended September 30, 2007, June 30, 2007 and March 31, 2007, which are incorporated by reference in this document and from which this information is derived. See "Where You Can Find More Information" on page 81.

**IBT Summary of Consolidated Financial Data**

	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
	<i>(dollars in thousands except per share data)</i>						
<b>Balance Sheet Data:</b>							
Assets	\$ 773,824	\$ 725,011	\$ 740,962	\$ 685,151	\$ 675,857	\$ 629,530	\$ 584,035
Loans, net of allowance for loan losses	480,715	464,400	467,721	442,225	436,548	416,286	359,872
Investment securities	243,821	211,710	226,446	201,463	196,891	172,448	186,718
Deposits	580,509	548,719	572,472	520,486	526,217	492,158	468,257
Borrowings	124,584	108,838	99,827	99,562	85,422	73,819	54,526
Shareholders' equity	62,885	62,519	62,581	61,081	59,843	59,606	56,151
<b>Income Statement Data:</b>							
Net interest income	\$ 16,585	\$ 16,392	\$ 21,879	\$ 22,090	\$ 21,918	\$ 22,083	\$ 20,732
Provision for loan losses	750	1,200	1,500	1,200	600	600	1,100
Noninterest income, including security gains and losses	5,021	5,643	7,349	6,635	2,690	5,891	5,317
Noninterest expense	13,109	12,531	17,237	16,187	15,095	14,300	12,831
Income before taxes	7,747	8,304	10,491	11,338	8,913	13,074	12,118
Net income	5,951	6,647	8,456	8,579	6,085	9,646	8,937
Diluted earnings per share	1.01	1.12	1.42	1.44	1.01	1.60	1.50
<b>Earnings Performance Ratios<sup>(1)</sup>:</b>							
Return on average total assets	1.06%	1.26%	1.18%	1.26%	0.92%	1.59%	1.61%
Return on average shareholders' equity	13.01	14.67	13.74	14.08	10.25	16.54	16.95
Net interest margin	3.12	3.27	3.24	3.45	3.51	3.83	3.94
<b>Asset Quality Ratios<sup>(1)</sup>:</b>							
Net loans charged off to average loans	0.05%	0.07%	0.06%	0.05%	0.30%	0.05%	0.10%
Non-performing assets to period-end loans	0.92	0.30	0.60	0.19	1.07	0.31	0.38
Allowance for loan losses to non-performing loans	120	323	169	418	55	255	207
Allowance for loan losses to total loans	1.10	0.97	1.01	0.80	0.59	0.78	0.79
<b>Capital Ratios:</b>							
Leverage ratio	8.60%	8.79%	8.50%	8.90%	8.50%	9.10%	8.90%
Total risk-based capital ratio	14.81	15.17	14.60	15.10	14.50	15.10	15.20

<sup>(1)</sup> Returns, net interest margin and charge-off data for the nine-month periods ended September 30, 2007 and 2006 are annualized.

**Table of Contents****SELECTED CONSOLIDATED UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following table shows information about S&T's financial condition and results of operations, including per share data and financial ratios, after giving effect to the merger. This information is called pro forma financial information in the proxy statement/prospectus. The table sets forth the information as if the merger had become effective on September 30, 2007, with respect to financial condition data, and on January 1, 2007 for the nine months ended September 30, 2007 and on January 1, 2006 for the year ended December 31, 2006 with respect to results of operations data. This pro forma financial information assumes that the merger is accounted for using the purchase method of accounting and represents a current estimate based on available information of the combined companies' results of operations. The pro forma financial information includes adjustments to record the assets and liabilities of IBT at their estimated fair values and is subject to further adjustment, possibly material, as additional information becomes available and as additional analyses are performed.

This table should be read in conjunction with, and is qualified in its entirety by, the historical financial statements, including the notes thereto, of S&T and IBT and the more detailed pro forma financial information, including the notes thereto, appearing elsewhere in this document. See Unaudited Pro Forma Combined Condensed Financial Information beginning on page 57 and Where You Can Find More Information beginning on page 81. The pro forma financial information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies and asset dispositions, among other factors, that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods.

	<b>As of and For the Nine Months Ended September 30, 2007</b>	<b>As of and For the Year Ended December 31, 2006</b>
<b>Balance Sheet Data:</b>		
Assets	\$ 4,220,385	\$ 4,164,320
Loans, net of allowance for loan losses	3,200,461	3,103,118
Investment securities	583,125	633,207
Deposits	3,200,980	3,138,074
Borrowings	540,038	538,179
Shareholders' equity	406,286	417,170
<b>Income Statement Data:</b>		
Total interest income	\$ 193,421	\$ 243,194
Total interest expense	95,807	115,409
Net interest income	97,614	127,785
Provision for loan losses	5,375	10,880
Noninterest income, including security gains and losses	36,345	47,739
Noninterest expense	68,263	88,350
Income before taxes	60,321	76,294
Income taxes	16,432	20,948
Net income	\$ 43,889	\$ 55,346
Diluted earnings per share	\$ 1.58	\$ 1.92
<b>Earnings Performance Ratios<sup>(1)</sup>:</b>		
Return on average total assets	1.40%	1.36%
Return on average shareholders' equity	14.44%	13.05%
Net interest margin	3.44%	3.47%
<b>Asset Quality Ratios<sup>(1)</sup>:</b>		
Net loans charged-off to average loans	0.16%	0.43%
Non-performing assets to period-end loans	0.58%	0.72%
Allowance for loan losses to non-performing loans	209%	168%
Allowance for loan losses to total loans	1.22%	1.21%

**Capital Ratios:**

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Leverage ratio	7.25%	7.63%
Total risk-based capital ratio	10.52%	10.99%

(1) Returns, net interest margin and charge-off data for the nine-month periods ended September 30, 2007 are annualized.

**Table of Contents****COMPARATIVE PER SHARE DATA**

The following table sets forth certain historical and pro forma combined per share data. The pro forma data gives effect to the merger and is derived from the S&T unaudited pro forma combined condensed financial statements included in this document. Please see the section of this document titled "Unaudited Pro Forma Combined Condensed Financial Statements" for a full description of the pro forma basis of presentation.

This data should be read together with the selected historical financial data of S&T and IBT and the S&T unaudited pro forma combined condensed financial statements included in this document. This data should also be read together with IBT's and S&T's separate historical financial statements and notes thereto, incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 81. The per share data is not necessarily indicative of the operating results that S&T would have achieved had it completed the merger as of the beginning of the periods presented and should not be considered as representative of future operations.

	As of and For the Nine Months Ended September 30, 2007	As of and For the Year Ended December 31, 2006
<b>Comparative Per Share Data</b>		
<b>Basic net income per share</b>		
S&T historical	\$ 1.73	\$ 2.07
IBT historical	1.01	1.43
Pro forma combined	1.59	1.93
Pro forma equivalent IBT share	1.54	1.88
<b>Diluted net income per share</b>		
S&T historical	\$ 1.72	\$ 2.06
IBT historical	1.01	1.42
Pro forma combined	1.58	1.92
Pro forma equivalent IBT share	1.53	1.86
<b>Cash dividends declared per share<sup>(1)</sup></b>		
S&T historical	\$ 0.90	\$ 1.17
IBT historical	0.75	1.00
Pro forma combined	0.90	1.17
Pro forma equivalent IBT share	0.87	1.13
<b>Book value per share</b>		
S&T historical	\$ 13.36	\$ 13.37
IBT historical	10.74	10.64
Pro forma combined	14.82	14.78
Pro forma equivalent IBT share	14.38	14.33

<sup>(1)</sup> S&T and IBT have historically paid quarterly dividends, and S&T expects to continue to declare dividends in accordance with historical practice.

The IBT equivalent pro forma information shows the effect of the merger from the perspective of an owner of IBT common stock. We calculated the IBT equivalent information by multiplying the S&T and IBT combined pro forma per share amounts by an assumed exchange ratio of 0.97 and after giving effect to the pro forma adjustments. Please note that a IBT shareholder's actual per share equivalent will be reduced by the percentage of cash such IBT shareholder elects to receive. See "Unaudited Pro Forma Combined Condensed Financial Information" and "The Merger Allocation."

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**RISK FACTORS**

*In addition to general investment risks and the other information contained in or incorporated by reference into this document, including the matters under the caption **Cautionary Statement Regarding Forward-Looking Statements** and the matters discussed under the caption **Risk Factors** included in the Annual Reports on Form 10-K filed by each of S&T and IBT for the year ended December 31, 2006 as updated by subsequently filed Quarterly Reports on Form 10-Q, you should carefully consider the following factors in deciding whether to vote for adoption of the agreement and plan of merger.*

**Because the Market Price of S&T Common Stock Will Fluctuate, IBT Shareholders Cannot Be Sure of the Trading Price of the Stock Portion of the Merger Consideration They May Receive.**

Upon completion of the merger, each share of IBT common stock will be converted into the right to receive merger consideration consisting of a fraction of a share of S&T common stock and/or cash pursuant to the terms of the merger agreement. The value of the stock portion of the merger consideration to be received by IBT shareholders will be based on the average of the high and low sale prices of S&T common stock on The Nasdaq Global Select Market for the twenty trading days ending on the day before the special meeting. This average price may vary from the average of the high and low sale prices of S&T common stock on the date we announced the merger, on the date this document was mailed to IBT shareholders and on the date of the special meeting of the IBT shareholders and on the date of closing. Any change in the market price of S&T common stock prior to the IBT shareholder meeting will affect the value of the stock portion of the merger consideration that IBT shareholders will receive upon completion of the merger. Further, if the average price is less than \$31.96, the exchange ratio will not increase above 0.97, which means that the value of the stock consideration will drop below \$31.00. If the amendment to the articles is approved, the merger would be consummated even if the market price of S&T common stock falls below \$25.74 per share. IBT is not permitted to resolicit the vote of IBT shareholders solely because of changes in the market price of either company's stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control. You should obtain current market quotations for shares of S&T common stock and for shares of IBT common stock.

**We May Fail to Realize All of the Anticipated Benefits of the Merger.**

The success of the merger will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining the businesses of S&T and IBT. However, to realize these anticipated benefits and cost savings, we must successfully combine the businesses of S&T and IBT. If we are not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all, or may take longer to realize than expected.

S&T and IBT have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on IBT and/or S&T during the transition period.

**The Market Price of S&T Common Stock After the Merger May Be Affected by Factors Different from Those Affecting the Shares of IBT or S&T Currently.**

The businesses of S&T and IBT differ and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations of IBT. For a discussion of the businesses of S&T and IBT and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to under **Where You Can Find More Information**.

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### **IBT Shareholders Will Have a Reduced Ownership and Voting Interest After the Merger and Will Exercise Less Influence over Management.**

IBT's shareholders currently have the right to vote in the election of the board of directors of IBT and on other matters affecting IBT. When the merger occurs, each IBT shareholder that receives shares of S&T common stock will become a shareholder of S&T with a percentage ownership of the combined organization that is much smaller than the shareholder's percentage ownership of IBT. In fact, it is expected that the former shareholders of IBT as a group will own less than 10.5% of the outstanding shares of S&T immediately after the merger. Because of this, IBT's shareholders will have less influence on the management and policies of S&T than they now have on the management and policies of IBT.

### **The Merger Agreement Limits IBT's Ability to Pursue Alternatives to the Merger.**

The merger agreement contains no shop provisions that, subject to specified exceptions, limit IBT's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of IBT. In addition, a termination fee is payable by IBT under certain circumstances, generally involving the consummation of an alternative transaction. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of IBT from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share value than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire IBT than it might otherwise have proposed to pay.

### **The Shareholder Agreements and S&T's Ownership Position May Deter Competing Bids.**

The directors of IBT (who in the aggregate have the power to vote approximately 7.83% of the outstanding shares of IBT common stock) have agreed to vote their shares in favor of the agreement and plan of merger and against any competing business combination transaction. In addition, S&T controls 472,774 shares or 8.08% of IBT shares outstanding. Although, under IBT's restated articles of incorporation, the IBT shares controlled by S&T will not be counted towards the adoption of the agreement and plan of merger, they could be voted against a competing proposal. This combination of voting stock would make it more difficult for a competing acquiror to obtain approval of their bid.

### **IBT Shareholders May Receive a Form of Consideration Different from What They Elect.**

While each IBT shareholder may elect to receive all cash or all S&T common stock in the merger, the pools of cash and S&T common stock available for all IBT shareholders will be fixed percentages, 55% of the total outstanding shares of IBT common stock to be converted in the merger will be converted into shares of S&T common stock and 45% will be converted into cash. As a result, if the aggregate cash or stock elections exceed these limits, and you choose that election, you might receive a portion of your consideration in the form you did not elect.

### **If You Are an IBT Shareholder and You Tender Shares of IBT Common Stock to Make an Election, You Will Not Be Able to Sell Those Shares, Unless You Revoke Your Election Prior to the Election Deadline.**

If you are a registered IBT shareholder and want to make a valid cash or stock election, you will have to deliver your stock certificates, and a properly completed and signed form of election to the exchange agent. For further details on the determination of the election deadline, see The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration Form of Election. The election deadline may be significantly in advance of the closing of the merger. You will not be able to sell any shares of IBT common stock that you have delivered as part of your election unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in IBT common stock for any reason until you receive cash and/or S&T common stock in the merger or the merger agreement is terminated and the certificates are returned to you. In the



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time between the election deadline and the closing of the merger, the trading price of IBT or S&T common stock may decrease, and you might otherwise want to sell your shares of IBT common stock to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment. The date that you will receive your merger consideration depends on the completion date of the merger, which is uncertain. The completion date of the merger might be later than expected due to unforeseen events, such as delays in obtaining regulatory approvals.

### **The Merger Is Subject to the Receipt of Consents and Approvals from Government Entities that May Impose Conditions that Could Have an Adverse Effect on S&T.**

Before the merger may be completed, various waivers, approvals or consents must be obtained from the Federal Reserve Board, the FDIC and the Pennsylvania Department of Banking. These governmental entities may impose conditions on the completion of the merger or require changes to the terms of the merger. Although S&T and IBT do not currently expect that any such conditions or changes will be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on, or limiting the revenues of, S&T following the merger, any of which might have an adverse effect on S&T following the merger. S&T is not obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger include any condition or restrictions that S&T reasonably determines would have a material adverse effect on S&T or would be unduly burdensome, but S&T could choose to waive this condition.

### **IBT Executive Officers and Directors Have Financial Interests in the Merger that May Be Different from, or in Addition to, the Interests of IBT Shareholders.**

IBT's officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of IBT shareholders. For example, certain executive officers and employees of IBT may receive bonus or retention payments, payments with respect to outstanding equity awards, or new equity awards with respect to S&T common stock.

IBT's board of directors was aware of these interests and took them into account in its decision to approve and adopt the agreement and plan of merger. For information concerning these interests, please see the discussion under the caption "The Merger IBT's Directors and Officers Have Financial Interests in the Merger."

### **The Shares of S&T Common Stock To Be Received by IBT Shareholders Receiving the Stock Consideration as a Result of the Merger Will Have Different Rights from the Shares of IBT Common Stock.**

Upon completion of the merger, IBT shareholders who receive the stock consideration will become S&T shareholders. Their rights as shareholders will be governed by Pennsylvania corporate law and the articles of incorporation and by-laws of S&T. The rights associated with IBT common stock are different from the rights associated with S&T common stock. See the section of this proxy statement/prospectus titled "Comparison of Shareholders' Rights" beginning on page 72 for a discussion of the different rights associated with S&T common stock.

### **If the Merger Is Not Consummated by September 30, 2008, Either S&T or IBT May Choose Not To Proceed with the Merger.**

Either S&T or IBT may terminate the merger agreement if the merger has not been completed by September 30, 2008, unless the failure of the merger to be completed by such date has resulted from the failure of the party seeking to terminate the merger agreement to perform its obligations.

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**The Fairness Opinion Obtained by IBT from its Financial Advisor Will Not Reflect Changes in Circumstances Subsequent to the Date of the Merger Agreement.**

IBT has obtained a fairness opinion dated as of December 16, 2007, from its financial advisor, Sandler O'Neill. IBT has not obtained and will not obtain an updated opinion as of the date of this document from Sandler O'Neill. Changes in the operations and prospects of S&T or IBT, general market and economic conditions and other factors that may be beyond the control of S&T and IBT, and on which the fairness opinion was based, may alter the value of S&T or IBT or the price of shares of S&T common stock or IBT common stock by the time the merger is completed. The opinion does not speak to the time the merger will be completed or to any other date other than the date of such opinion. As a result, the opinion will not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed. For a description of the opinion that IBT received from Sandler O'Neill, please refer to "The Merger - Opinion of IBT's Financial Advisor Sandler O'Neill" beginning on page 28 of this document.

**If the Merger Is Not Completed, S&T and IBT Will Have Incurred Substantial Expenses Without Realizing the Expected Benefits of the Merger.**

S&T and IBT have incurred substantial expenses in connection with the merger described in this proxy statement/prospectus. The completion of the merger depends on the satisfaction of specified conditions and the receipt of regulatory approvals. If the merger is not completed, these expenses would have to be recognized currently and not capitalized and S&T and IBT would not have realized the expected benefits of the merger.

**IBT Will Be Subject to Business Uncertainties and Contractual Restrictions while the Merger is Pending.**

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on IBT and consequently on S&T. These uncertainties may impair IBT's ability to attract, retain and motivate key personnel until the merger is consummated, and could cause customers and others that deal with IBT to seek to change existing business relationships with IBT. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles with S&T. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with S&T, S&T's business following the merger could be harmed. In addition, the merger agreement restricts IBT from making certain acquisitions and taking other specified actions until the merger occurs without the consent of S&T. These restrictions may prevent IBT from pursuing attractive business opportunities that may arise prior to the completion of the merger. Please see the section entitled "The Merger Agreement - Covenants and Agreements" beginning on page 48 of this proxy statement/prospectus for a description of the restrictive covenants to which IBT is subject.

**Future Governmental Regulation and Legislation Could Limit S&T's Future Growth.**

S&T and its subsidiaries are subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of the operations of S&T. These laws may change from time to time and are primarily intended for the protection of consumers, depositors and the deposit insurance fund. Any changes to these laws may negatively affect S&T's ability to expand its services and to increase the value of its business. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on S&T, these changes could be materially adverse to S&T's shareholders.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This document contains or incorporates by reference a number of forward-looking statements, including statements about the financial conditions, results of operations, earnings outlook and prospects of S&T, IBT and the potential combined company and may include statements for the period following the completion of the merger. Forward-looking statements are typically identified by words such as plan, believe, expect, anticipate, intend, outlook, estimate, forecast, project and other similar words and expressions.

The forward-looking statements involve certain risks and uncertainties. The ability of either S&T or IBT to predict results or the actual effects of its plans and strategies, or those of the combined company, is subject to inherent uncertainty. Factors that may cause actual results or earnings to differ materially from such forward-looking statements include those set forth on page 16 under Risk Factors, as well as, among others, the following:

those discussed and identified in public filings with the Securities and Exchange Commission, which we refer to as the SEC, made by S&T or IBT;

completion of the merger is dependent on, among other things, receipt of shareholder and regulatory approvals, the timing of which cannot be predicted with precision and which may not be received at all;

the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events;

the integration of IBT's business and operations with those of S&T may take longer than anticipated, may be more costly than anticipated and may have unanticipated adverse results relating to IBT's or S&T's existing businesses; and

the anticipated cost savings and other synergies of the merger may take longer to be realized or may not be achieved in their entirety, and attrition in key client, partner and other relationships relating to the merger may be greater than expected.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this document or the date of any document incorporated by reference in this document.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to S&T or IBT or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this document. Except to the extent required by applicable law or regulation, S&T and IBT undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

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**THE IBT SPECIAL MEETING**

This section contains information about the special meeting of IBT shareholders that has been called to consider and approve the merger of IBT with and into S&T, with S&T as the surviving corporation in the merger.

Together with this document, we are also sending you a notice of the special meeting and a form of proxy that is solicited by the IBT board of directors. The special meeting will be held on May 13, 2008, at 2:00 p.m. local time, at the Irwin Masonic Hall, located at 417 Main Street, Irwin, Pennsylvania, subject to any adjournments or postponements.

**Matters to Be Considered**

The purpose of the special meeting is to vote on a proposal for adoption of the agreement and plan of merger.

You also will be asked to vote upon a proposal to approve an amendment to IBT's restated articles of incorporation. Finally, you will be asked to vote upon a proposal for the adjournment of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the agreement and plan of merger or approve the amendment to the restated articles of incorporation. IBT has no plans to adjourn the special meeting at this time, but intends to do so, if needed, to promote shareholder interests.

**Proxies**

Each copy of this document mailed to holders of IBT common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a shareholder of record, you should complete and return the proxy card accompanying this document to ensure that your vote is counted at the special meeting, or at any adjournment or postponement of the special meeting, regardless of whether you plan to attend the special meeting.

If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker.

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by: (1) signing and returning a proxy card with a later date; (2) delivering a written revocation letter to IBT's Secretary; or (3) attending the special meeting in person, notifying the Secretary, and voting by ballot at the special meeting. If you hold your stock in street name through a bank or broker, you must follow your bank's or broker's instructions to revoke your proxy.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy but the mere presence (without notifying IBT's Secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy may be addressed to:

**IBT Bancorp, Inc.**

**309 Main Street**

**Irwin, PA 15642**

**Attention: Robert A. Bowell, Secretary**

All shares represented by valid proxies that we receive through this solicitation, that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted FOR adoption of

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the agreement and plan of merger, FOR an amendment to IBT's restated articles of incorporation, and FOR approval of the proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the agreement and plan of merger or approve the amendment to the restated articles of incorporation.

### **Solicitation of Proxies**

IBT and S&T will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, IBT will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of IBT common stock and secure their voting instructions. IBT will reimburse the record holders for their reasonable expenses in taking those actions. IBT has also made arrangements with Georgeson Shareholder Communications, Inc. to assist in soliciting proxies and has agreed to pay them \$10,500 plus reasonable expenses for these services. If necessary, IBT may use several of its regular employees, who will not be specially compensated, to solicit proxies from IBT shareholders, either personally or by telephone, facsimile, letter or other electronic means.

S&T and IBT will share equally the expenses incurred in connection with the copying, printing and distribution of this document.

### **Record Date**

The close of business on February 21, 2008 has been fixed as the record date for determining the IBT shareholders entitled to receive notice of and to vote at the special meeting. At that time, 5,852,924 shares of IBT common stock were outstanding, held by approximately 600 holders of record. Of this amount, 472,774 shares are held by S&T and in accordance with the terms of IBT's restated articles of incorporation may not be voted with respect to the proposal to adopt the agreement and plan of merger.

### **Voting Rights and Vote Required**

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of IBT common stock entitled to vote is necessary to constitute a quorum at the special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present.

Pursuant to IBT's restated articles of incorporation, the affirmative vote of the holders of at least ~~66~~<sup>63</sup>% of the outstanding shares of IBT common stock entitled to vote at the IBT special meeting (which excludes the shares held by S&T) is required to adopt the agreement and plan of merger. In fact, because the shares held by S&T are excluded from voting on the merger, a vote of approximately 73% of the remaining shares is necessary. For purposes of determining the number of votes cast with respect to a matter, only those votes cast for and against a proposal are counted. Abstentions and any broker non-votes will be treated as shares that are present for purposes of determining the presence of a quorum, but will have the same effect as votes against the proposal.

Pursuant to IBT's restated articles of incorporation, since at least 80% of the board of directors approved the amendment to the restated articles of incorporation, the amendment requires the affirmative vote of the holders of at least 50% of the outstanding shares of IBT common stock entitled to vote. Approval of the proposal to adjourn the special meeting requires the approval of a majority of the votes cast. Abstentions and broker non-votes will have the same effect as a vote against the proposal to amend the restated articles of incorporation but will not affect the vote on the adjournment proposal. Shares of IBT common stock held by S&T may be voted on this proposal and S&T is expected to vote in favor of this proposal.

As of the record date, directors and executive officers of IBT and their affiliates, had the right to vote approximately 483,420 shares of IBT common stock, or 8.26% of the outstanding IBT common stock at that

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date. The directors of IBT, who in the aggregate have the power to vote approximately 7.83% of the outstanding shares of IBT common stock, have each executed a voting agreement with S&T pursuant to which they have agreed to vote their shares of IBT common stock in favor of the agreement and plan of merger and against any competing business combination transaction.

### **Recommendation of the IBT Board of Directors**

The IBT board of directors has unanimously adopted the agreement and plan of merger and the transactions it contemplates, including the merger. The IBT board of directors determined that the merger, merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of IBT and its shareholders and recommends that you vote FOR adoption of the agreement and plan of merger, FOR approval of an amendment to the restated articles of incorporation, and FOR approval of the proposal to adjourn the special meeting, if necessary, to solicit additional proxies. See The Merger Recommendation of the IBT Board of Directors and Reasons for the Merger for a more detailed discussion of the IBT board of directors' recommendation.

### **Attending the Meeting**

All holders of IBT common stock, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without both proper proof of share ownership and proper photo identification.

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**THE MERGER**

**Background of the Merger**

On April 27, 2006, James C. Miller, Chairman and Chief Executive Officer of S&T, participated in a meeting with IBT directors Robert Whisner and Robert Rebich, IBT's Chairman. The meeting was the result of a telephone call from Mr. Whisner to Mr. Miller. The purpose of the meeting was to explore potential strategic opportunities.

Between April and July of 2006, subsequent conversations between Mr. Miller, Mr. Rebich and Mr. Charles G. Urtin, President and Chief Executive Officer of IBT, resulted in an initial scheduled social outing between select S&T individuals and IBT's board of directors to be held on June 2, 2006 at the Laurel Valley Country Club. This meeting was subsequently cancelled and rescheduled for July 13, 2006.

On July 13, 2006, Mr. Miller, Todd D. Brice, President and Chief Operating Officer of S&T, and Thomas E. Kiral, Executive Vice President of Insurance, met with various IBT directors and senior management to discuss IBT's interest in exploring potential strategic opportunities. On September 1, 2006, Mr. Miller and Mr. Brice met with the two IBT directors who could not attend the July 13, 2006 meeting to discuss potential strategic opportunities.

On September 18, 2006, S&T sent a letter to Mr. Rebich in response to questions that were raised and to summarize the discussion points from the recent conversation with Mr. Rebich and other members of the IBT board of directors. After receiving this letter, Mr. Urtin informed Mr. Miller that S&T's letter was discussed at IBT's Board of Director Strategic Planning meeting and that IBT had no interest in pursuing a possible merger with S&T.

In April 2007, on behalf of S&T, Messrs. Miller and Brice attended the IBT annual shareholder meeting on behalf of S&T as an IBT shareholder as they had done in prior years. Messrs. Miller and Brice had no discussions regarding IBT's interest in pursuing a possible merger. In later April 2007, Mr. Urtin again informed S&T that IBT had no interest in pursuing a possible merger with S&T.

In early August 2007, Mr. Urtin conferred with Mr. Miller, to determine whether S&T might be interested in considering a possible merger with IBT. S&T was very familiar with IBT and its operations as it had owned in excess of 5% of the outstanding shares of IBT common stock for several years. The parties agreed to a meeting to discuss a potential transaction in general. This meeting, which took place on September 5, 2007, was attended by Mr. Rebich, one other member of the IBT board of directors, John N. Brenzia and Mr. Miller and Mr. Brice. The parties agreed to continue discussions to determine whether a transaction was feasible and desirable.

On September 12, 2007, IBT received a draft of a preliminary non-binding letter of interest from S&T that outlined some of the terms and conditions of S&T's interest along with preliminary pricing terms. The parties had subsequent conversations regarding the draft letter with IBT seeking clarification of certain of the terms. On September 13, 2007, Mr. Urtin, Mr. Rebich and Mr. Brenzia met with legal counsel to discuss the draft of a non-binding letter of interest. S&T provided IBT with the formal preliminary indication of interest on September 18, 2007.

The IBT board of directors had previously scheduled a retreat that was held at an off-site location on September 20 and September 21. The purpose of the retreat was to discuss strategic alternatives for IBT including an analysis of potential merger transactions both as a buyer and a seller. A representative of Sandler O'Neill attended the retreat and gave a presentation regarding the state of the merger and acquisition market. One potential acquisition was discussed. No specific discussion of the recent S&T preliminary indication of interest or the terms presented occurred at this meeting. Following the discussion of the merger and acquisition market and the potential opportunities available to IBT, the IBT board of directors authorized management to invite a submission of a letter of interest from S&T and a meeting to discuss such interest as well as merger and

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acquisition matters generally was tentatively scheduled for October 16, 2007. Mr. Urtin contacted S&T on September 21, 2007 and invited S&T to submit a letter indicating its interest in pursuing a possible transaction with IBT.

On October 11, 2007, a representative of Sandler O'Neill met with Mr. Urtin to review merger and acquisition alternatives and to discuss potential buyers along with their perceived ability to pay for such a transaction. On October 12, 2007, IBT received a letter from another financial institution indicating its desire in a possible transaction with IBT. S&T submitted its revised indication of interest on October 15, 2007.

On October 16, 2007, the IBT board of directors met to discuss the recently received letters of interest from S&T, the general expression of interest from the other company and the merger and acquisition market generally. Representatives of special legal counsel and Sandler O'Neill also attended the meeting. The S&T indication of interest was discussed in detail. The IBT board of directors also discussed the general expression of interest IBT had received from the other financial institution on October 12, 2007. The IBT board of directors decided to request that this second party be invited to submit an indication of interest. This other institution was contacted on October 18, 2007 and invited to submit a letter of interest.

At IBT's October 16, 2007 board of directors meeting, IBT requested that Sandler O'Neill contact S&T and discuss certain recent developments related to IBT, including IBT's data processing Outsourcing Renewal Contract with FiServ Solutions, Inc. and 200,000 stock option grants recently awarded. On October 17, 2007, Messrs. Miller, Brice and Robert E. Rout, Chief Financial Officer of S&T, met with David Martin of Sandler O'Neill, IBT's financial advisor. Sandler O'Neill advised S&T that IBT would be approaching one other party and that S&T was invited to provide a revised letter of interest.

On October 30, 2007, the second company did submit a preliminary letter of interest which included their proposed pricing terms. The IBT board of directors met on October 31, 2007 to review this letter and the existing letter from S&T and decided to seek clarification of certain of the terms of both letters.

In response to the request for clarification, both S&T and the other party submitted revised non-binding letters of interest, both of which were reviewed by the IBT board of directors on November 13, 2007. Following a detailed discussion of each letter and the merger market generally, the IBT board of directors decided to invite S&T to conduct due diligence. Mr. Urtin called Mr. Miller to inform him that IBT's board of directors accepted the letter of interest, authorized the commencement of due diligence and authorized management to pursue a definitive merger agreement. On November 16, 2007, the parties signed a confidentiality agreement. S&T conducted on-site and off-site due diligence during the period from November 16, 2007 to November 23, 2007. IBT received due diligence documents from S&T during the second half of November and conducted on-site due diligence on S&T on November 18, 2007 and November 23, 2007.

The first draft of the definitive agreement was received by IBT on November 29, 2007. The terms of the definitive agreement were negotiated during the period from November 29, 2007 through December 16, 2007. In particular, the parties negotiated the range of the collar for the stock portion of the proposed merger consideration, the aggregate limits on the stock and cash portions, the amount of and triggers for the termination fee, a termination right for IBT in the event of a substantial decline in the S&T stock price as compared to an index of other publicly traded financial institutions, various provisions related to the non-solicitation agreement and certain other matters.

The IBT board of directors also met on the evening of December 16, 2007 to discuss the definitive agreement which had previously been circulated to them. Representatives of special legal counsel explained the terms of the proposed agreement and responded to questions from board members. A representative of Sandler O'Neill reviewed the financial terms of the proposed agreement and stated that it was his firm's opinion that the merger consideration was fair to IBT shareholders from a financial point of view. The IBT board of directors unanimously approved the merger agreement at that meeting and the parties exchanged signature pages late that evening. The merger was announced the following morning before the market opened for trading.



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### **Recommendation of the IBT Board of Directors and Reasons for the Merger**

The IBT board of directors has unanimously determined that the merger is advisable and in the best interests of IBT and its shareholders. In arriving at this determination and approving and recommending the merger agreement, the IBT board of directors, among other things, consulted with Sandler O'Neill with respect to the financial aspects and fairness of the merger consideration to the IBT shareholders from a financial point of view and with its legal counsel as to the legal duties of the board of directors and the other terms of the merger agreement.

In connection with its review and adoption of the agreement and plan of merger, the board of directors also considered numerous factors, including the following positive and negative factors:

#### ***Positive Factors***

The board of directors' understanding of the results that could be expected to be obtained by IBT if it continued to remain independent and the benefits and risks to shareholders of such a course as compared with the value of the merger consideration being offered by S&T;

The financial analyses presented by Sandler O'Neill, IBT's financial advisor, and the opinion of Sandler O'Neill dated December 16, 2007 to the effect that, as of that date, and subject to the qualifications contained therein, the merger consideration was fair to the shareholders of IBT from a financial point of view;

The increased liquidity afforded by an investment in the common stock of S&T;

The value of the merger consideration being offered as compared to the book value and earnings per share and trading price of the IBT common stock;

IBT's positive perception about S&T and its long term prospects resulting from IBT's review of information concerning the business, results of operations, financial condition, competitive position and future prospects of S&T, developed from IBT's due diligence review of S&T;

The IBT board of directors' belief that pursuing the merger with S&T would be more advantageous to shareholders than remaining independent due to the current and prospective environment in which IBT operates, including national, regional, and local economic conditions, the competitive environment for banks and other financial institutions generally, the increased regulatory burdens on financial institutions generally, the trend toward consolidation in the banking industry and in the financial services industry, and the likely effects of these factors on IBT in light of, and in the absence of, the proposed merger with S&T;

The increase in the variety of products and services that would be available to customers of IBT and the communities served by IBT and the wider market area that the combined entity would serve;

The exchange of IBT stock for S&T stock in the proposed transaction is intended to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes;

The fact that 45% of the merger consideration consists of cash providing a level of certainty in the value of the merger consideration to be received;

That S&T will appoint three members of the IBT board of directors to the board of directors of S&T and S&T Bank;

The increase in the dividend payout to IBT shareholders resulting from the higher S&T dividend payout rate;

The perceived ability of S&T to receive the requisite regulatory approvals in a timely manner; and

The terms and conditions of the merger agreement, including the parties' respective representations and warranties and termination provisions which the board of directors believes provide adequate assurances about the current operations of S&T.

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### *Negative Factors*

Former IBT shareholders would own a much smaller percentage of S&T than they did of IBT and accordingly would have less influence in the outcome of any shareholder votes;

The provisions in the merger agreement limiting the number of shares that may be exchanged for cash and for stock which is likely to result in some shareholders receiving a form of merger consideration other than what they actually elected;

The merger agreement provides for IBT's payment of a termination fee of \$6.5 million to S&T if the merger agreement is terminated under certain limited circumstances, although this factor was mitigated somewhat by the fact that such circumstances would generally involve entering into a definitive agreement for an alternative acquisition transaction with a third party;

The merger agreement limits IBT's ability to solicit or discuss alternative transactions during the pendency of the merger, although this was mitigated by the fact that IBT's board of directors is permitted, in certain circumstances in the exercise of its fiduciary duties, to engage in discussions with parties who submit an unsolicited proposal; and

The increasingly competitive environment for community banks and the continuingly difficult challenge in increasing earnings in view of market competition and continuing increases in costs of operations and regulatory compliance.

The IBT board of directors also considered that some of its officers and directors have interests in the merger, described under **IBT's Directors and Officers Have Financial Interests in the Merger**, that are in addition to and different from their interests as IBT shareholders. This discussion of the information and factors considered by the IBT board of directors is not exhaustive, but includes all material factors considered by the IBT board of directors. In view of the wide variety of factors considered by the board of directors in connection with its evaluation of the merger and the complexity of these matters, the board of directors did not consider it practical to, nor did it attempt to, quantify, rank, or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The IBT board of directors evaluated the factors described above, including asking questions of IBT's management and IBT's legal and financial advisors, and reached the unanimous decision that the merger was in the best interests of IBT and IBT's shareholders. In considering the factors described above, individual members of the IBT board of directors may have given different weights to different factors. The IBT board of directors considered these factors as a whole, and overall considered them to be favorable to, and to support, its determination.

**The IBT board of directors determined that the merger, the merger agreement, and the transactions contemplated thereby are advisable, fair to, and in the best interests of IBT and its shareholders. Accordingly, the IBT board of directors unanimously approved and adopted the merger agreement and unanimously recommends that IBT shareholders vote FOR the adoption of the agreement and plan of merger.**

### **S&T's Reasons for the Merger**

At its meeting on December 16, 2007, S&T's board of directors determined that the terms of the merger agreement and the merger are in the best interests of S&T. In making this determination, S&T's board of directors concluded, among other things, that the transaction with IBT provides a unique strategic fit that will continue S&T's expansion in Allegheny and Westmoreland counties of Pennsylvania, a targeted growth corridor under its strategic plan.

In the course of reaching its decision to approve the merger agreement, S&T management and the board of directors consulted with Stifel, Nicolaus & Company, Inc. Management and the board of directors considered, among other things, the factors described above and the following:

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The fact that the transaction will extend and expand S&T's presence to the higher growth, more affluent markets of Allegheny and Westmoreland counties in Pennsylvania;

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The fact that the cultural and customer relationship philosophies of IBT's employees and management team fit well with S&T's;

The belief that the transaction should be accretive to earnings in the first full year of operations based on estimated cost savings of 35%;

The belief that the merger with IBT will better leverage S&T's excess capital; and

The terms of the merger agreement, including the mutual covenants and conditions and the circumstances under which S&T would receive the termination fee.

The foregoing discussion of the information and factors considered by S&T's board of directors is not intended to be exhaustive, but is believed to include the material facts considered by the S&T board of directors. In reaching its determination to adopt the merger agreement, S&T's board of directors did not assign any relative or specific weights to the foregoing and individual directors may have given different weights to different factors.

After deliberating with respect to the merger with IBT, considering, among other things, the matters discussed above, all of S&T's board of directors approved and adopted the merger agreement and the merger with IBT.

**Opinion of IBT's Financial Advisor Sandler O'Neill**

By letter dated October 22, 2007, IBT retained Sandler O'Neill to act as its financial advisor in connection with a possible business combination. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to IBT in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement on December 16, 2007. At the December 16, 2007 meeting at which IBT's board considered and approved the merger agreement Sandler O'Neill delivered to the board its oral opinion, that, as of such date, the merger consideration was fair to the IBT shareholders from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Annex B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. IBT's shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the IBT board and is directed only to the fairness of the merger consideration to the IBT shareholders from a financial point of view. It does not address the underlying business decision of IBT to engage in the merger or any other aspect of the merger and is not a recommendation to any IBT shareholder as to how such shareholder should vote at the special meeting with respect to the merger or any other matter.**

In connection with rendering its December 16, 2007 opinion, Sandler O'Neill reviewed and considered, among other things:

- 1) the merger agreement;
- 2) certain publicly available financial statements and other historical financial information of IBT that Sandler O'Neill deemed relevant;
- 3) certain publicly available financial statements and other historical financial information of S&T that Sandler O'Neill deemed relevant;



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- 4) an estimated earnings per share growth rate for the year ending December 31, 2007 as discussed with senior management of IBT and an estimated growth rate for the years ended December 31, 2008 through 2011 as discussed with senior management of IBT;
- 5) an estimated earnings per share growth rate for the year ending December 31, 2007 as discussed with senior management of S&T and an estimated growth rate for the years ended December 31, 2008 through 2011 as discussed with senior management of S&T;
- 6) the pro forma financial impact of the merger on S&T based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior managements of IBT and S&T;
- 7) the publicly reported historical price and trading activity for IBT's and S&T's respective common stock, including a comparison of certain financial and stock market information for IBT and S&T with similar publicly available information for certain other companies the securities of which are publicly traded;
- 8) the financial terms of certain recent business combinations in the commercial banking industry, to the extent publicly available;
- 9) the current market environment generally and the banking environment in particular; and
- 10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neill also discussed with certain members of senior management of IBT the business, financial condition, results of operations and prospects of IBT and held similar discussions with certain members of senior management of S&T regarding the business, financial condition, results of operations and prospects of S&T.

In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill relied upon the accuracy and completeness of all the financial and other information that was available to it from public sources, that was provided to Sandler O'Neill by IBT or S&T or their respective representatives or that was otherwise reviewed by Sandler O'Neill and has assumed such accuracy and completeness for purposes of rendering this opinion. Sandler O'Neill further relied on the assurances of the management of each IBT and S&T that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading in any material respect. Sandler O'Neill has not been asked to undertake, and has not undertaken, an independent verification of any of such information and Sandler O'Neill does not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing the assets or the liabilities (contingent or otherwise) of IBT or S&T or any of their subsidiaries, or the collectibility of any such assets, nor has Sandler O'Neill been furnished with any such evaluations or appraisals. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of IBT or S&T nor has Sandler O'Neill reviewed any individual credit files relating to IBT or S&T. Sandler O'Neill assumed, with IBT's consent, that the respective allowances for loan losses for both IBT and S&T were adequate to cover such losses.

The internal budgets and estimates for growth used and relied upon by Sandler O'Neill in its analyses of IBT and S&T were discussed with IBT senior management and S&T senior management, respectively who confirmed to Sandler O'Neill that those budgets and estimates reflected the best currently available estimates and judgments of the future financial performance of IBT and S&T. With respect to the internal budgets and growth estimates for IBT and S&T, Sandler O'Neill used and relied on the budgets provided by the senior management of S&T and IBT. All projections of transaction costs, purchase accounting adjustments and expected cost savings related to the merger were provided by or reviewed with senior management of IBT and such senior management confirmed to Sandler O'Neill that those projections reflected the best currently available estimates and judgments of such senior management. Sandler O'Neill assumed that the financial performances reflected in all budgets, estimates and projections used by it in its analyses would be achieved. Sandler O'Neill expressed no opinion as to such budgets, estimates or projections or the assumptions on which they were based. Sandler O'Neill also





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assumed that there has been no material change in the assets, financial condition, results of operations, business or prospects of IBT or S&T since the date of the last financial statements made available to it and that IBT and S&T will remain as going concerns for all periods relevant to the analyses.

With respect to the merger agreement, Sandler O Neill assumed that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under the agreements, that the conditions precedent in the merger agreement are not waived and that the merger will be a tax-free reorganization for federal income tax purposes. Finally, with IBT's consent, Sandler O Neill relied upon the advice received from IBT's legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger agreement and the other transactions contemplated by the agreement.

Sandler O Neill's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Events occurring after the date of the opinion could materially affect the opinion. Sandler O Neill's opinion was approved by Sandler O Neill's fairness opinion committee. Sandler O Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by IBT's officers, directors, or employees, or class of such persons, relative to the compensation to be received in the merger by any other shareholders of IBT. Sandler O Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date hereof. Sandler O Neill expressed no opinion as to what the value of S&T's common stock will be when issued to IBT's shareholders pursuant to the agreement or the prices at which the common stock of IBT or S&T may trade at any time.

In rendering its December 16, 2007 opinion, Sandler O Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O Neill, but is not a complete description of all the analyses underlying Sandler O Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O Neill's comparative analyses described below is identical to IBT or S&T and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of IBT and S&T and the companies to which they are being compared.

In performing its analyses, Sandler O Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of IBT, S&T and Sandler O Neill. The analysis performed by Sandler O Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to IBT's board at the board's December 16, 2007 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O Neill's analyses do not necessarily reflect the value of the IBT common stock or the prices at which IBT common stock may be sold at any time. The combined analysis of Sandler O Neill and the opinions provided by each were among a number of factors taken into consideration by IBT's board in making its determination to adopt the merger agreement and the analyses described below should not be viewed as determinative of the decision of IBT's board or management with respect to the fairness of the merger.

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At the December 16, 2007 meeting of IBT’s board of directors, Sandler O Neill presented certain financial analyses of the merger. The summary below is not a complete description of the analyses underlying the opinions of Sandler O Neill or the presentation made by Sandler O Neill to IBT’s board, but is instead a summary of the material analyses performed and presented in connection with the opinion.

In arriving at its opinion Sandler O Neill did not attribute any particular weight to any analysis or factor that it considered. Rather it made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Sandler O Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support their respective opinions; rather Sandler O Neill made its determination as to the fairness of the per share consideration on the basis of its experience and professional judgment after considering the results of all their analyses taken as a whole. Accordingly, Sandler O Neill believes that the analysis and the summary of the analysis must be considered as a whole and that selecting portions of the analysis and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying their analyses and opinions. The tables alone do not constitute complete descriptions of the financial analyses presented in such tables.

**Summary of Proposal.** Sandler O Neill reviewed the financial terms of the proposed transaction. Using the range of floating exchange ratio of 0.93 and 0.97 of a share of S&T common stock for each share of IBT common stock and based upon the twenty-day average of high and low prices of S&T’s stock as of December 14, 2007 of \$31.37, and a per share cash value of \$31.00, Sandler O Neill calculated a \$30.69 blended rate per share, or an aggregate transaction value of approximately \$185.1 million. Based upon financial information for IBT as of and for the twelve month period ended September 30, 2007, Sandler O Neill calculated the following transaction ratios:

*Transaction Ratios*

Transaction Value/Last Twelve Months Net Income	23.4x
Transaction Value/Estimated 2007 Net Income <sup>1</sup>	23.1x
Transaction Value/Tangible Book Value	286%
Tangible Book Premium/ Core Deposits <sup>2</sup>	21.0%
Premium over Current Market Price	59.9%

<sup>1</sup> Assuming an internal IBT estimate of \$1.33 EPS for 2007

<sup>2</sup> Core deposits exclude time deposits with account balances greater than \$100,000. Tangible book premium/core deposits calculated by dividing the excess of the aggregate transaction value over tangible book value by core deposits.

The aggregate transaction value was approximately \$185.1 million, based upon the offer price per share of \$30.69, 5,852,924 IBT common shares outstanding and the offer value for IBT’s stock options of \$31.00 for 430,874 options of IBT common stock at a weighted-average exercise price of \$17.30.

**Comparable Company Analysis.** Sandler O Neill used publicly available information to perform a comparison of selected financial and market trading information for IBT and selected financial information and market trading information for S&T.

Sandler O Neill used publicly available information to compare selected financial and market trading information for IBT and a group of financial institutions selected by Sandler O Neill. The IBT peer group consisted of the following publicly traded commercial banks headquartered in Pennsylvania with total assets between \$600 million and \$1.0 billion:

AmeriServ Financial, Inc.  
 Bryn Mawr Bank Corporation  
 CNB Financial Corporation  
 Ephrata National Bank  
 First Chester County Corporation

FNB Bancorp, Inc.  
 Franklin Financial Services Corporation  
 Orrstown Financial Services, Inc.  
 Penns Woods Bancorp, Inc.



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The analysis compared publicly available financial information for IBT and the median financial and market trading data for the IBT peer group as of and for the twelve months ended September 30, 2007. The table below sets forth the data for IBT as of and for the twelve months ended September 30, 2007 and the median data for the IBT's peer group as of and for the twelve months ended September 30, 2007, with pricing data as of December 14, 2007.

**Comparable Group Analysis**

	<b>IBT</b>	<b>Comparable Group Median Result</b>
Total Assets ( <i>in millions</i> )	\$ 774	\$ 832
Total Deposits ( <i>in millions</i> )	\$ 581	\$ 649
Gross Loans ( <i>in millions</i> )	\$ 486	\$ 588
Tangible Equity / Tangible Assets	8.13%	8.56%
Return on Average Assets	1.04%	1.16%
Return on Average Equity	12.56%	12.10%
Net Interest Margin	3.13%	3.96%
Efficiency Ratio	61.8%	62.1%
Market Capitalization ( <i>in millions</i> )	\$ 112.3	\$ 118.7
Price / Tangible Book Value	179%	183%
Price / Last Twelve Months Earnings per Share	14.6x	14.2x

S&T's peer group consisted of the following publicly traded commercial banks headquartered in Pennsylvania with total assets between \$1.0 billion and \$10.0 billion:

ACNB Corporation	National Penn Bancshares, Inc.
Citizens & Northern Corporation	Pennsylvania Commerce Bancorp, Inc.
F.N.B. Corporation	Republic First Bancorp, Inc.
First Commonwealth Financial Corporation	Royal Bancshares of Pennsylvania, Inc.
First National Community Bancorp, Inc.	Susquehanna Bancshares, Inc.
Harleysville National Corporation	Univest Corporation of Pennsylvania
Leesport Financial Corp.	

The analysis compared publicly available financial and market trading information for S&T and the high, low, mean, and median data for S&T peer group as of and for the twelve months ended September 30, 2007. The table below sets forth the data for S&T and the median data for the S&T peer group as of and for the twelve months ended September 30, 2007, with pricing data as of December 14, 2007.

**Comparable Group Analysis**

	<b>S&amp;T</b>	<b>Comparable Group Median Result</b>
Total Assets ( <i>in millions</i> )	\$ 3,362	\$ 1,952
Total Deposits ( <i>in millions</i> )	\$ 2,620	\$ 1,518
Gross Loans ( <i>in millions</i> )	\$ 2,752	\$ 1,127
Tangible Equity / Tangible Assets	8.32%	7.23%
Return on Average Assets	1.68%	0.87%
Return on Average Equity	16.83%	10.23%
Net Interest Margin	3.84%	3.40%
Efficiency Ratio	46.6%	61.7%
Market Capitalization ( <i>in millions</i> )	\$ 708.1	\$ 265.2
Price / Tangible Book Value	257%	166%
Price / Last Twelve Months Earnings per Share	12.9x	12.8x
Price / Estimated 2007 Earnings per Share <sup>1</sup>	12.2x	11.5x

<sup>1</sup> Based on I/B/E/S consensus estimates outstanding

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**Stock Trading History.** Sandler O'Neill reviewed the history of the publicly reported trading prices of IBT common stock for the three year period ended December 14, 2007. Sandler O'Neill also reviewed the history of the reported trading prices and volume of S&T common stock for the three year period ended December 14, 2007. Sandler O'Neill then compared the relationship between the movements in the price of IBT common stock against the movements in the prices of the Standard & Poor's 500 Index, the NASDAQ Bank Index, the Standard & Poor's Bank Index and the median performance of a composite peer group—a weighted average (by market capitalization) composite of publicly traded comparable depository institutions selected by Sandler O'Neill. Sandler O'Neill also compared the relationship between the movements in the prices of S&T common stock to movements in the prices of the Nasdaq Bank Index, S&P Bank Index, S&P 500 Index, and the median performance of a composite peer group—a weighted average (by market capitalization) composite of publicly traded comparable depository institutions selected by Sandler O'Neill. The composition of the peer group for IBT is discussed under the relevant section under "Comparable Group Analysis" above. The composition of the peer group for S&T is discussed under the relevant section under "Comparable Group Analysis" above.

During the three-year period ended December 14, 2007, IBT common stock underperformed the various indices and the peer group to which it was compared.

**IBT's Three-Year Stock Performance**

	<b>Beginning Index Value December 14, 2004</b>	<b>Ending Index Value December 14, 2007</b>
IBT	100.00%	80.1%
Selected Peer Group <sup>1</sup>	100.00	84.1
NASDAQ Bank Index	100.00	83.1
S&P Bank Index	100.00	82.8
S&P 500 Index	100.00	122.0

<sup>1</sup> Refers to the peer group outlined in the Comparable Group Analysis section above.

During the three-year period ended December 14, 2007, S&T common stock underperformed the various indices and outperformed the peer group to which it was compared.

**S&T's Three-Year Stock Performance**

	<b>Beginning Index Value December 14, 2004</b>	<b>Ending Index Value December 14, 2007</b>
S&T	100.00%	77.7%
Selected Peer Group <sup>1</sup>	100.00	68.9
NASDAQ Bank Index	100.00	83.1
S&P Bank Index	100.00	82.8
S&P 500 Index	100.00	122.0

<sup>1</sup> Refers to the peer group outlined in the Comparable Group Analysis section above.

**Analysis of Selected Merger Transactions.** Sandler O'Neill reviewed 114 merger transactions announced nationwide from January 1, 2007 through December 14, 2007 involving community banks as acquired institutions with announced transaction values greater than \$15 million and less than \$250 million. Sandler O'Neill also reviewed 26 merger transactions announced from January 1, 2004 through December 14, 2007 involving Pennsylvania-based commercial banks as the acquired institution with a transaction value greater than \$15 million. Sandler O'Neill reviewed the following multiples: transaction price at announcement to last twelve months' net income, transaction price at announcement to estimated net income, transaction value to tangible book value, tangible book premium to core deposits and premium to market price and then

computed high, low,

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mean, median multiples and premiums for the transactions. The median multiples were applied to IBT's financial information as of and for the twelve months ended September 30, 2007. As illustrated in the following tables, Sandler O'Neill derived an imputed range of values for a share of IBT common stock of \$25.80 to \$31.89 based upon the median multiples for the Pennsylvania transactions and an imputed range of values for a share of IBT common stock of \$25.54 to \$31.11 based upon the median multiples for the nationwide transactions. Sandler O'Neill calculated an actual transaction value of \$30.69 per share.

**Transaction Multiples**

	Pennsylvania		Nationwide	
	Median Multiple	Implied Value	Median Multiple	Implied Value
Price per Share / Last twelve months Net Income	24.3x	\$ 31.89	23.7x	\$ 31.11
Price per Share / 2007 Estimated Net Income	21.0x	\$ 27.90	19.2x	\$ 25.54
Price per Share / Tangible Book Value	240%	\$ 25.80	246%	\$ 26.41
Core Deposit Premium <sup>1</sup>	19.7%	\$ 26.64	20.8%	\$ 27.45
Market Premium	39.2%	\$ 26.71	35.5%	\$ 26.00

<sup>1</sup> Core deposits are defined as total deposits less time deposits over \$100,000. The core deposit premium is calculated by taking transaction value, less tangible book value, divided by core deposits.

**Net Present Value Analysis.** Sandler O'Neill performed an analysis that estimated the net present value per share of IBT common stock under various circumstances. In the analysis, Sandler O'Neill assumed IBT performed in accordance with the 2007 net income projection and estimated growth rate for the years ended December 31, 2008 through 2011 provided by IBT management. To approximate the terminal value of IBT common stock at December 31, 2011, Sandler O'Neill applied price to last twelve months earnings multiples of 12.0x to 18.0x and multiples of tangible book value ranging from 125% to 250%. The terminal values were then discounted to present values using different discount rates ranging from 10.0% to 16.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of IBT's common stock. In addition, the net present value of IBT common stock at December 31, 2011 was calculated using the same range of price to last twelve months earnings multiples (12.0x - 18.0x) applied to a range of discounts and premiums to budget projections. The range applied to the budgeted net income was 25% under budget to 25% over budget, using a discount rate of 13.3% for the analysis.

As illustrated in the following tables, the analysis indicated an imputed range of values per share for IBT common stock of \$13.25 to \$22.80 when applying the price/earnings multiples to the matched budget, \$11.13 to \$24.01 when applying multiples of tangible book value to the matched budget, and \$11.63 to \$24.58 when applying the price/earnings multiples to the -25% / +25% budget range.

**Earnings Per Share Multiples**

Discount Rate	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x
10.00%	\$ 16.28	\$ 17.37	\$ 18.46	\$ 19.54	\$ 20.63	\$ 21.72	\$ 22.80
11.00%	\$ 15.72	\$ 16.76	\$ 17.81	\$ 18.86	\$ 19.90	\$ 20.95	\$ 22.00
12.00%	\$ 15.18	\$ 16.19	\$ 17.19	\$ 18.20	\$ 19.21	\$ 20.22	\$ 21.22
13.00%	\$ 14.66	\$ 15.63	\$ 16.60	\$ 17.57	\$ 18.54	\$ 19.51	\$ 20.48
14.00%	\$ 14.17	\$ 15.11	\$ 16.04	\$ 16.98	\$ 17.91	\$ 18.85	\$ 19.78
15.00%	\$ 13.70	\$ 14.60	\$ 15.50	\$ 16.40	\$ 17.30	\$ 18.21	\$ 19.11
16.00%	\$ 13.25	\$ 14.12	\$ 14.99	\$ 15.86	\$ 16.73	\$ 17.59	\$ 18.46



**Table of Contents****Earnings Per Share Multiples**

<b>Budget Variance</b>	<b>12.0x</b>	<b>13.0x</b>	<b>14.0x</b>	<b>15.0x</b>	<b>16.0x</b>	<b>17.0x</b>	<b>18.0x</b>
<b>(25.0%)</b>	\$ 11.63	\$ 12.35	\$ 13.07	\$ 13.79	\$ 14.51	\$ 15.23	\$ 15.95
<b>(20.0%)</b>	\$ 12.21	\$ 12.98	\$ 13.74	\$ 14.51	\$ 15.28	\$ 16.04	\$ 16.81
<b>(15.0%)</b>	\$ 12.78	\$ 13.60	\$ 14.41	\$ 15.23	\$ 16.04	\$ 16.86	\$ 17.67
<b>(10.0%)</b>	\$ 13.36	\$ 14.22	\$ 15.09	\$ 15.95	\$ 16.81	\$ 17.67	\$ 18.54
<b>(5.0%)</b>	\$ 13.93	\$ 14.85	\$ 15.76	\$ 16.67	\$ 17.58	\$ 18.49	\$ 19.40
<b>0.0%</b>	\$ 14.51	\$ 15.47	\$ 16.43	\$ 17.39	\$ 18.35	\$ 19.30	\$ 20.26
<b>5.0%</b>	\$ 15.09	\$ 16.09	\$ 17.10	\$ 18.11	\$ 19.11	\$ 20.12	\$ 21.13
<b>10.0%</b>	\$ 15.66	\$ 16.72	\$ 17.77	\$ 18.82	\$ 19.88	\$ 20.93	\$ 21.99
<b>15.0%</b>	\$ 16.24	\$ 17.34	\$ 18.44	\$ 19.54	\$ 20.65	\$ 21.75	\$ 22.85
<b>20.0%</b>	\$ 16.81	\$ 17.96	\$ 19.11	\$ 20.26	\$ 21.41	\$ 22.56	\$ 23.71
<b>25.0%</b>	\$ 17.39	\$ 18.58	\$ 19.78	\$ 20.98	\$ 22.18	\$ 23.38	\$ 24.58

**Tangible Book Value Per Share Multiples**

<b>Discount Rate</b>	<b>125%</b>	<b>150%</b>	<b>175%</b>	<b>200%</b>	<b>225%</b>	<b>250%</b>
<b>10.00%</b>	\$ 13.62	\$ 15.70	\$ 17.77	\$ 19.85	\$ 21.93	\$ 24.01
<b>11.00%</b>	\$ 13.16	\$ 15.16	\$ 17.15	\$ 19.15	\$ 21.15	\$ 23.15
<b>12.00%</b>	\$ 12.71	\$ 14.64	\$ 16.56	\$ 18.49	\$ 20.41	\$ 22.34
<b>13.00%</b>	\$ 12.29	\$ 14.14	\$ 16.00	\$ 17.85	\$ 19.70	\$ 21.56
<b>14.00%</b>	\$ 11.89	\$ 13.67	\$ 15.46	\$ 17.24	\$ 19.03	\$ 20.81
<b>15.00%</b>	\$ 11.50	\$ 13.22	\$ 14.94	\$ 16.66	\$ 18.38	\$ 20.10
<b>16.00%</b>	\$ 11.13	\$ 12.79	\$ 14.45	\$ 16.10	\$ 17.76	\$ 19.42

Sandler O'Neill also performed an analysis that estimated the net present value per share of S&T common stock under various circumstances. In the analysis Sandler O'Neill assumed S&T performed in accordance with the 2007 net income projection and estimated growth rate for the years ended December 31, 2008 through 2011 provided by S&T management. To approximate the terminal value of S&T common stock at December 31, 2011, Sandler O'Neill applied price to last twelve months earnings multiples of 12.0x to 18.0x and multiples of tangible book value ranging from 150% to 275%. The terminal values were then discounted to present values using different discount rates ranging from 8.0% to 14.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of S&T common stock. In addition, the net present value of S&T common stock at December 31, 2011 was calculated using the same range of price to last twelve months earnings multiples (12.0x - 18.0x) applied to a range of discounts and premiums to budget projections. The range applied to the budgeted net income was 25% under budget to 25% over budget, using a discount rate of 11.2% for the analysis.

As illustrated in the following tables, the analysis indicated an imputed range of values per share for S&T common stock of \$21.68 to \$39.22 when applying the price/earnings multiples to the matched budget, \$17.04 to \$35.69 when applying multiples of tangible book value to the matched budget, and \$19.37 to \$41.59 when applying the price/earnings multiples to the -25% / +25% budget range.

**Earnings Per Share Multiples**

<b>Discount Rate</b>	<b>12.0x</b>	<b>13.0x</b>	<b>14.0x</b>	<b>15.0x</b>	<b>16.0x</b>	<b>17.0x</b>	<b>18.0x</b>
<b>8.00%</b>	\$ 27.80	\$ 29.70	\$ 31.60	\$ 33.51	\$ 35.41	\$ 37.31	\$ 39.22
<b>9.00%</b>	\$ 26.64	\$ 28.45	\$ 30.27	\$ 32.09	\$ 33.91	\$ 35.73	\$ 37.54
<b>10.00%</b>	\$ 25.54	\$ 27.28	\$ 29.01	\$ 30.75	\$ 32.49	\$ 34.22	\$ 35.96
<b>11.00%</b>	\$ 24.50	\$ 26.16	\$ 27.82	\$ 29.48	\$ 31.14	\$ 32.80	\$ 34.46
<b>12.00%</b>	\$ 23.51	\$ 25.10	\$ 26.68	\$ 28.27	\$ 29.86	\$ 31.44	\$ 33.03
<b>13.00%</b>	\$ 22.57	\$ 24.09	\$ 25.61	\$ 27.12	\$ 28.64	\$ 30.16	\$ 31.68
<b>14.00%</b>	\$ 21.68	\$ 23.13	\$ 24.58	\$ 26.04	\$ 27.49	\$ 28.94	\$ 30.39



**Table of Contents****Earnings Per Share Multiples**

Budget Variance	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x
(25.0%)	\$ 19.37	\$ 20.60	\$ 21.84	\$ 23.07	\$ 24.30	\$ 25.54	\$ 26.77
(20.0%)	\$ 20.35	\$ 21.67	\$ 22.99	\$ 24.30	\$ 25.62	\$ 26.94	\$ 28.25
(15.0%)	\$ 21.34	\$ 22.74	\$ 24.14	\$ 25.54	\$ 26.94	\$ 28.34	\$ 29.74
(10.0%)	\$ 22.33	\$ 23.81	\$ 25.29	\$ 26.77	\$ 28.25	\$ 29.74	\$ 31.22
(5.0%)	\$ 23.32	\$ 24.88	\$ 26.44	\$ 28.01	\$ 29.57	\$ 31.13	\$ 32.70
0.0%	\$ 24.30	\$ 25.95	\$ 27.60	\$ 29.24	\$ 30.89	\$ 32.53	\$ 34.18
5.0%	\$ 25.29	\$ 27.02	\$ 28.75	\$ 30.48	\$ 32.20	\$ 33.93	\$ 35.66
10.0%	\$ 26.28	\$ 28.09	\$ 29.90	\$ 31.71	\$ 33.52	\$ 35.33	\$ 37.14
15.0%	\$ 27.27	\$ 29.16	\$ 31.05	\$ 32.95	\$ 34.84	\$ 36.73	\$ 38.62
20.0%	\$ 28.25	\$ 30.23	\$ 32.20	\$ 34.18	\$ 36.15	\$ 38.13	\$ 40.10
25.0%	\$ 29.24	\$ 31.30	\$ 33.36	\$ 35.41	\$ 37.47	\$ 39.53	\$ 41.59

**Tangible Book Value Per Share Multiples**

Discount Rate	150%	175%	200%	225%	250%	275%
8.00%	\$ 21.72	\$ 24.51	\$ 27.31	\$ 30.10	\$ 32.89	\$ 35.69
9.00%	\$ 20.83	\$ 23.50	\$ 26.17	\$ 28.84	\$ 31.51	\$ 34.17
10.00%	\$ 19.99	\$ 22.54	\$ 25.09	\$ 27.64	\$ 30.19	\$ 32.74
11.00%	\$ 19.20	\$ 21.63	\$ 24.07	\$ 26.51	\$ 28.94	\$ 31.38
12.00%	\$ 18.44	\$ 20.77	\$ 23.10	\$ 25.43	\$ 27.76	\$ 30.09
13.00%	\$ 17.72	\$ 19.95	\$ 22.18	\$ 24.41	\$ 26.64	\$ 28.86
14.00%	\$ 17.04	\$ 19.17	\$ 21.30	\$ 23.44	\$ 25.57	\$ 27.70

In connection with its analyses, Sandler O'Neill considered and discussed with the IBT board how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to net income. Sandler O'Neill noted that the terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

**Pro Forma Merger Analysis.** Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes in the 2<sup>nd</sup> quarter of 2008; (2) the deal value per share is equal to a \$30.69 blended rate per IBT share; (3) options for IBT common stock will be converted into cash; (4) IBT performed in accordance with an estimated earnings per share growth rate for the year ending December 31, 2007 as discussed with senior management of IBT and an estimated growth rate for the years ended December 31, 2008 through 2011 as discussed with senior management of IBT; and (5) S&T performed in accordance with an estimated earnings per share growth rate for the year ending December 31, 2007 as discussed with senior management of S&T and an estimated growth rate for the years ended December 31, 2008 through 2011 as discussed with senior management of S&T. The analyses indicated that for the year ending December 31, 2009, the merger would be accretive to IBT's projected earnings per share and, at December 31, 2008 the merger would be dilutive to IBT's tangible book value per share. From the standpoint of an S&T shareholder, for the year ending December 31, 2009, the merger would be accretive to earnings per share and, at December 31, 2008, the merger would be dilutive to tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

**Miscellaneous.** IBT has agreed to pay Sandler O'Neill a transaction fee in connection with the merger of approximately \$1,850,805, of which \$175,000 became due when Sandler O'Neill rendered its opinion, and the balance of which is contingent, and payable, upon closing of the merger. IBT has also agreed to reimburse certain of Sandler O'Neill reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under the securities laws.

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In the ordinary course of its respective broker and dealer businesses, Sandler O'Neill may purchase securities from and sell securities to IBT and S&T and their affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of IBT or their affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

### **Board of Directors and Management of S&T Following Completion of the Merger**

Upon completion of the merger, the current directors and officers of S&T are expected to continue in their current positions.

S&T has agreed to appoint three members of IBT's board of directors to the board of directors of S&T and S&T Bank. S&T's Nominating and Corporate Governance Committee will designate the members to be appointed in accordance with its policies and procedures.

### **Public Trading Markets**

S&T common stock trades on The Nasdaq Global Select Market under the symbol STBA. IBT common stock is quoted on The American Stock Exchange under the symbol IRW. Upon completion of the merger, IBT common stock will be delisted from The American Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. The S&T common stock issued in the merger will continue to be listed on The Nasdaq Global Select Market.

The shares of S&T common stock to be issued in connection with the merger will be freely transferable under the Securities Act of 1933, as amended, which we refer to as the Securities Act.

### **IBT Shareholders Do Not Have Dissenters' Appraisal Rights in the Merger**

Appraisal rights are statutory rights that allow shareholders to dissent from extraordinary transactions, such as a merger, and to demand that the corporation pay the fair value of their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the extraordinary transaction. Appraisal rights are not available in all circumstances, and exceptions to such rights are set forth in the laws of the Commonwealth of Pennsylvania, which is the state of incorporation of IBT. These exceptions are applicable with respect to the rights of IBT shareholders in the merger. IBT shareholders are not entitled to appraisal rights under Pennsylvania law in connection with the merger because the shares of IBT's class of common stock are listed on a national securities exchange.

### **Regulatory Approvals Required for the Merger**

The merger is subject to certain regulatory approvals as set forth below.

Because the merger and the bank merger are occurring at the same time, the merger is subject to the approval of the FDIC under the Bank Merger Act, and the Pennsylvania Department of Banking under the Pennsylvania Banking Code, and to the prior notice to and non-objection of the Federal Reserve Bank of Cleveland under applicable Federal Reserve Board regulations.

The FDIC, in reviewing the application under the Bank Merger Act, must consider, among other factors, the competitive effect of the proposed transaction, the managerial and financial resources and future prospects of the institution involved and the effect of the proposed transaction on the convenience and needs of the communities to be served. In addition, the FDIC must take into account the record of performance of both institutions participating in the merger under the Community Reinvestment Act in meeting the credit needs of the communities being served by each institution, including low- and moderate-income neighborhoods. Applicable regulations require publication of notice of the application and an opportunity for the public to comment on the application in writing and to request a hearing.

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The merger also is subject to the approval of the Pennsylvania Department of Banking under the Pennsylvania Banking Code, which authorizes the merger of two Pennsylvania chartered banks, such as S&T Bank and Irwin Bank, provided that, among other things, the plan of merger adequately protects the interests of the depositors, other creditors and shareholders. In addition, the merger must be determined by the Pennsylvania Department of Banking to be consistent with adequate and sound banking practices and in the public interest on the basis of the financial history and condition of both parties, their future prospects, the character of the resulting institution's management, the potential effect of the merger on competition and the convenience and needs of the areas primarily to be served by the resulting institution.

Finally, the merger is subject to the prior notice to and non-objection of the Federal Reserve Bank of Cleveland, as a transaction that does not require Federal Reserve Board approval under the Bank Holding Company Act because the bank merger (1) is occurring simultaneously with the merger, (2) is subject to the prior approval of the FDIC under the Bank Merger Act, (3) does not involve the acquisition of any non bank company requiring prior approval under the Bank Holding Company Act; and (4) both before and after the transaction, both parties meet or exceed their regulatory capital requirements. Such notice must include a copy of the Bank Merger Act application filed with the FDIC, and a description of the holding company's involvement in the transaction, including the purchase price and the sources of funding for the transaction.

S&T has filed or will file the required applications and notices. The merger will not proceed in the absence of regulatory approvals. Although S&T does not know of any reason why it would not obtain regulatory approval in a timely manner, S&T cannot be certain when such approvals will be obtained or if they will be obtained.

The parties are not aware of any other governmental approvals or actions that may be required to consummate the merger. If any other approval or action is required, it is contemplated that such approval or action would be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

**IBT's Directors and Officers Have Financial Interests in the Merger**

Certain members of management and the board of directors of IBT and Irwin Bank have interests in the merger that are in addition to and may be different from, any interests they may have as shareholders of IBT generally. These interests were considered by the IBT board of directors in connection with its adoption of the agreement and plan of merger.

*Directors Change in Control Severance Plan.* In connection with the merger, each outside director of IBT will receive a payment under the change in control provisions of the IBT Bancorp, Inc./Irwin Bank Directors Change in Control Severance Plan. The severance benefit amount is equal to 299% of the annual average of the total board retainers, meeting fees, committee fees and other cash compensation paid to a director during the five completed calendar years between 2003 and 2007. The estimated payments under the plan are as follows:

<b>Director</b>	<b>Payment<sup>(1)</sup></b>
Robert Rebich, Jr.	\$ 58,484
Grant J. Shevchik	\$ 61,897
Charles W. Hergenroeder	\$ 50,481
Richard L. Ryan	\$ 63,164
Robert C. Whisner	\$ 49,335
Thomas E. Deger	\$ 56,760
Richard J. Hoffman	\$ 55,166
John N. Brenzia	\$ 60,847

<sup>(1)</sup> Each outside director of IBT who becomes a director of S&T will not receive a payment under the Directors Change in Control Severance Plan unless such director's service on the S&T board of directors is for less than 24 months.

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*Change in Control Severance Agreements.* Irwin Bank has entered into Change in Control Severance Agreements with Messrs. Urtin, Suchta, Bowell and Finui. The Change in Control Severance Agreements generally provide that if the officer's employment is terminated without just cause in connection with, or within two years after, any change in control of IBT or Irwin Bank, or if the officer voluntarily terminates employment following a change in control of IBT or Irwin Bank upon (or within 90 days following) the occurrence of certain events adverse to the officer, such officer is entitled to receive a lump sum severance payment, which we refer to as the Severance Payment. The Severance Payment is an amount equal to 2.99 (in the case of Mr. Urtin), 1.0 (in the case of Mr. Suchta), 2.0 (in the case of Mr. Bowell) and 1.0 (in the case of Mr. Finui) times the officer's base amount as defined in Section 280G(b)(3) of the Internal Revenue Code of 1986, as amended, which we refer to as the Internal Revenue Code. In general, the officer's base amount is the officer's average annual taxable compensation for the five years ending prior to the change in control (or such shorter period that the officer has been employed by Irwin Bank). Each Change in Control Severance Agreement also provides that the Severance Payment will be reduced by the minimum amount necessary to ensure that the Severance Payment is not an excess parachute payment under Section 280G of the Internal Revenue Code (which, in general are subject to a 20% excise tax and are non-deductible by the payor). The lump sum cash Severance Payments are estimated to be approximately \$622,000 for Mr. Urtin, \$274,000 for Mr. Bowell, \$91,000 for Mr. Suchta and \$113,000 for Mr. Finui. In addition, the Change in Control Severance Agreements for Messrs. Bowell, Suchta, and Finui also provide that the officer and his dependents shall remain eligible to participate in the medical and dental programs offered by Irwin Bank through the longer of (i) the remaining term of the agreement or (ii) eighteen months, provided the officer reimburses Irwin Bank for the COBRA costs associated with the continuation of such coverage. In connection with entering into the merger agreement, the Change in Control Severance Agreements for Messrs. Urtin, Suchta and Finui were amended as described below.

**Cancellation of Stock Options**

On the effective date of the merger, each outstanding option to purchase IBT common stock will be converted into the right to receive a cash payment equal to the product of (i) the number of shares subject to such option and (ii) the dollar amount equal to (A) \$31.00 less (B) the exercise price of such option, less any applicable withholding taxes. In order to receive the cash payment for their options, option holders must first submit a Stock Option Cancellation Agreement that provides that the option holder has surrendered his or her options for the option payment price and that all of IBT's obligations relating to such options are extinguished.

The following table reflects the number of options held by each director and executive officer and the payment that each will receive in exchange for their options (before deduction of any applicable withholding taxes), assuming the individuals do not exercise any options prior to the merger closing.

<b>Director</b>	<b>Number of Shares</b>	<b>Total Cash Payment for Options</b>
Robert Rebich, Jr.	12,000	\$ 188,346
Grant J. Shevchik	23,000	\$ 323,096
Charles W. Hergenroeder	13,000	\$ 156,780
Richard L. Ryan	20,750	\$ 290,330
Robert C. Whisner	3,000	\$ 27,330
Thomas E. Deger	13,000	\$ 156,780
Richard J. Hoffman	14,000	\$ 162,080
John N. Brenzia	13,000	\$ 156,780
Robert A. Bowell	33,400	\$ 476,545
David A. Finui	22,400	\$ 301,453
Raymond G. Suchta	15,400	\$ 172,890
Charles G. Urtin	42,400	\$ 673,340

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***Employment Agreement for Robert A. Howell***

S&T Bank will enter into an employment agreement with Robert A. Howell with a term of five years at a salary no less than his current salary, effective as of the merger effective date. The agreement will include S&T Bank's standard severance provisions, including change in control severance provisions, the terms of which are still being negotiated. In general, the agreement will provide that:

Mr. Howell will be named a Senior Vice President of S&T Bank upon the effectiveness of the merger.

Mr. Howell will receive the same change-in-control protection currently provided to other S&T Bank Senior Vice Presidents.

All terms of the agreement will comply with the requirements of Internal Revenue Code section 409A.

***Post-Closing Employment Matters for David A. Finui***

S&T Bank intends to offer employment to David A. Finui, the terms of which are not yet defined. If such employment offer is not accepted by Mr. Finui, or if Mr. Finui accepts S&T Bank's offer of employment and voluntarily terminates his employment in accordance with the terms of his Change in Control Severance Agreement within 90 days of the merger effective date, Mr. Finui will receive his Severance Payment in a lump sum. If Mr. Finui accepts S&T Bank's offer of employment, and, S&T Bank later terminates Mr. Finui's employment without cause within 24 months from the merger effective date, Mr. Finui will be entitled to receive the Severance Payment. Upon the payment of the Severance Payment, Mr. Finui's Change in Control Severance Agreement terminates, except that he will be entitled to continue to participate in the group medical insurance plans of S&T Bank for himself and his dependants, with S&T Bank paying the cost of such coverage, until the earlier of his enrollment in coverage with another employer or twelve months following the merger effective date.

***Post-Closing Employment Matters for Raymond G. Suchta***

Under the terms of Mr. Suchta's Change in Control Severance Agreement, if Mr. Suchta remains employed in his current position through the merger effective date, Irwin Bank will pay him his Severance Payment in accordance with the terms of his Change in Control Severance Agreement in a lump sum as of the merger effective date. Upon the payment of the Severance Payment, Mr. Suchta's Change in Control Severance Agreement terminates, except that, he will be entitled to continue his medical insurance coverage under COBRA, with S&T Bank paying the costs of such coverage, until the earlier of his enrollment in coverage with another employer or twelve months following the merger effective date.

***Post-Closing Employment Matters for Charles G. Urtin***

Under the terms of Mr. Urtin's Change in Control Severance Agreement, if Mr. Urtin remains employed in his current position through the merger effective date, Irwin Bank will pay him his Severance Payment in accordance with the terms of his Change in Control Severance Agreement in a lump sum as of the merger effective date. S&T Bank has offered Mr. Urtin at-will employment with S&T Bank at his current salary through December 31, 2008. Upon the payment of the Severance Payment, Mr. Urtin's Change in Control Severance Agreement terminates, except that he will be entitled to continue to participate in the group medical insurance plans of S&T Bank for himself and his spouse, with premiums for such plans paid by S&T Bank (provided the benefits are not made available to him under another employer on substantially similar terms) until age 65.

***Supplemental Pension Plan for Charles G. Urtin***

Irwin Bank has entered into a non-qualified supplemental pension plan with Charles G. Urtin. The plan will be continued by S&T Bank after the closing of the merger, and Mr. Urtin will continue to accrue benefits under the plan until he terminates employment with S&T Bank.

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***S&T and S&T Bank Board of Director Seats***

Effective as of the merger effective date, three members of the IBT board of directors designated prior to the merger effective date by S&T's Nominating and Corporate Governance Committee in accordance with its policies and procedures will be appointed to the S&T board of directors and to S&T Bank's board of directors.

***Westmoreland County Advisory Board***

Each of the members of the IBT board of directors not appointed to the S&T and S&T Bank board of directors will be asked to serve on S&T Bank's Westmoreland County Advisory Board. Individuals serving as advisory directors will receive the compensation provided to advisory directors of S&T Bank, as the case may be, which will be at least \$800 per year for advisory board service.



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**THE MERGER AGREEMENT**

*The following describes certain aspects of the merger, including material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this document as Annex A and is incorporated by reference in this document. We urge you to read the merger agreement carefully and in its entirety, as it is the legal document governing this merger.*

**Terms of the Merger**

Each of the IBT board of directors and the S&T board of directors has unanimously adopted the agreement and plan of merger, which provides for the merger of IBT with and into S&T. S&T will be the surviving corporation in the merger. Each share of S&T common stock issued and outstanding immediately prior to completion of the merger will remain issued and outstanding as one share of common stock of S&T. Each share of IBT common stock issued and outstanding at the effective time of the merger (with the exception of Company-Owned Stock, as defined below) will be converted into either cash or S&T common stock, as described below. See Consideration To Be Received in the Merger. Company-Owned Stock means shares of IBT stock held by IBT or any of its subsidiaries or by S&T or any of its subsidiaries, in each case other than in a fiduciary capacity or as a result of debts previously contracted in good faith. Each share of IBT common stock held as Company-Owned Stock immediately prior to the effective time of the merger will be canceled and retired and no consideration will be issued in exchange.

The S&T articles of incorporation will be the articles of incorporation, and the S&T by-laws will be the by-laws of the combined company after completion of the merger. The merger agreement provides that S&T may change the method of effecting the merger if and to the extent it deems such change to be necessary, appropriate, or desirable. No such change will alter the amount or kind of merger consideration to be provided under the merger agreement, adversely affect the tax treatment of the merger as a reorganization under Section 368(a) of the Internal Revenue Code, or materially impede or delay completion of the merger.

**Closing and Effective Time of the Merger**

The merger will be completed only if all of the following occur:

the agreement and plan of merger is adopted by IBT shareholders;

all required governmental and regulatory consents and approvals have been obtained without a condition or restriction that S&T reasonably determines would have a material adverse effect on S&T or would be unduly burdensome; and

all other conditions to the merger discussed in this document and the merger agreement are either satisfied or waived.

The merger will become effective when articles of merger are filed with the Department of State of the Commonwealth of Pennsylvania. However, we may agree to a later time for completion of the merger and specify that time in accordance with Pennsylvania law. In the merger agreement, we have agreed to cause the completion of the merger to occur on the date designated by S&T that is within 30 days following the satisfaction or waiver of the conditions specified in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing, or on another mutually agreed date). It currently is anticipated that the effective time of the merger will occur in the second quarter of 2008, but we cannot guarantee when or if the merger will be completed.

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### **Consideration To Be Received in the Merger**

As a result of the merger, each IBT shareholder will have the right, with respect to each share of IBT common stock held (excluding Company-Owned Stock), to elect to receive merger consideration consisting of either cash or between 0.93 and 0.97 of a share of S&T common stock with the precise number to be determined based upon the average of the high and low sales prices for a twenty trading day period ending the day prior to the date of the special meeting, in accordance with the election and allocation procedures.

The merger agreement provides that at the effective time of the merger, each share of IBT common stock (excluding Company-Owned Stock) will be converted into either the right to receive \$31.00 in cash without interest or a certain number of shares of S&T common stock, as described below.

Under the terms of the merger agreement, 55% of the total number of shares of IBT common stock outstanding at the effective time of the merger (excluding shares of IBT common stock to be cancelled) will be converted into stock consideration, and the remaining outstanding shares of IBT common stock (excluding shares of IBT common stock to be cancelled) will be converted into cash consideration. To the extent necessary to satisfy these relative proportions of types of consideration, certain allocation and proration procedures, described below in Proration Procedures, will be used.

IBT shareholders must return their properly completed and signed form of election to the exchange agent prior to the election deadline. If you are an IBT shareholder and you do not return your form of election by the election deadline or improperly complete or do not sign your form of election, you will receive cash, shares of S&T common stock or a mixture of cash and shares of S&T common stock, based on what is available after giving effect to the valid elections made by other shareholders, as well as the adjustment described below.

If you are an IBT shareholder, you may specify different elections with respect to different shares held by you (for example, if you have 100 shares, you could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

#### ***Cash Election***

The merger agreement provides that each IBT shareholder who makes a valid cash election will have the right to receive, in exchange for each share of IBT common stock held by such holder, an amount in cash equal to \$31.00 without interest. We sometimes refer to this cash amount as the cash consideration. However, because the percentage of the total number of shares of IBT common stock to be converted into S&T stock is fixed at 55%, an IBT shareholder who makes a cash election may nevertheless receive a mix of cash and stock. Only 45% of the total number of shares of IBT common stock outstanding will be converted into cash.

#### ***Stock Election***

The merger agreement provides that each IBT shareholder who makes a valid stock election will have the right to receive, in exchange for each share of IBT common stock held, a fraction of a share of S&T common stock equal to the Stock Exchange Ratio (determined as described below). We sometimes refer to such fraction of a share of S&T common stock as the stock consideration. Because the percentage of the total number of shares of IBT common stock to be converted into S&T stock is fixed at 55%, an IBT shareholder who makes a stock election may nevertheless receive a mix of cash and stock.

The Stock Exchange Ratio is defined in the merger agreement as the quotient, rounded to four decimal places, obtained by dividing \$31.00 by the S&T Share Price (as defined below) of a share of S&T common stock. In no event may the Stock Exchange Ratio be less than 0.93 or greater than 0.97. If the Stock Exchange Ratio otherwise would be less than 0.93 or greater than 0.97, then 0.93 or 0.97, respectively, will be used. The S&T Share Price of S&T common stock will be the average of the high and low sale prices of S&T common stock (as reported on Nasdaq or, if not reported thereon, in another authoritative source) for each of the twenty trading days immediately preceding the date of the special meeting.

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No fractional shares of S&T common stock will be issued to any holder of IBT common stock upon completion of the merger. For each fractional share that would otherwise be issued, S&T will pay cash in an amount equal to the fraction multiplied by the S&T Share Price (as defined above). No interest will be paid or accrued on cash payable to holders in lieu of fractional shares.

### ***Non-Election Shares***

If you are an IBT shareholder and you do not make an election to receive cash or S&T common stock in the merger, your elections are not received by the exchange agent by the election deadline, your forms of election are improperly completed and/or are not signed, or you do not send together with your forms of elections your certificates representing shares of IBT common stock (or a properly completed notice of guaranteed delivery), you will be deemed to not have made an election. Shareholders not making an election may be paid in only cash, only S&T common stock or a mix of cash and shares of S&T common stock depending on, and after giving effect to, the number of valid cash elections and stock elections that have been made by other IBT shareholders using the proration adjustment described below.

### **Proration Procedures**

If, after taking into account all valid elections, exactly 55% of the total outstanding shares of IBT common stock would be converted into stock, then any IBT shareholders who elected to receive any portion of the merger consideration in cash and any IBT shareholders who did not make an election will be entitled to receive only cash. If exactly 45% of the total outstanding shares of IBT common stock would be converted into cash, then any IBT shareholders who elected to receive any portion of the merger consideration in stock and any IBT shareholders who did not make an election will be entitled to receive only stock.

If, after taking into account all valid elections, more than 45% of the total outstanding shares of IBT common stock would be converted into cash, then, any IBT shareholders who elected to receive any portion of the merger consideration in S&T common stock will be entitled to receive only stock, and, as a group, any IBT shareholders who elected to receive any portion of the merger consideration in cash and any IBT shareholders who did not make an election, will be subject to a proration process that will result in the holder receiving shares of S&T common stock in lieu of some cash. Notwithstanding the foregoing, record holders of less than 100 shares of IBT common stock on the date of the merger agreement who elect to receive cash will not be required to take any stock.

Similarly, if after taking into account all valid elections, more than 55% of the total outstanding shares of IBT common stock would be converted into S&T common stock, then, as a group, any IBT shareholders who elected to receive any portion of the merger consideration in cash and any IBT shareholders who did not make an election, will be entitled to receive only cash, and any IBT shareholders who elected to receive any portion of the merger consideration in S&T common stock, will be subject to a proration process that will result in the holder receiving cash in lieu of some S&T common stock.

Finally, if either 100% of the total outstanding shares of IBT common stock would be converted into all stock or all cash, the merger consideration will be distributed on a pro rata basis to all shareholders such that 45% of the shares are converted into cash and 55% are converted into stock.

Notwithstanding these proration rules, in order that the tax opinion described under *Material United States Federal Income Tax Consequences of the Merger* (page 64) can be rendered, it may be necessary for S&T to reduce the number of IBT common shares that will be converted into the right to receive cash and correspondingly increase the number of IBT common shares that will be converted into S&T common stock above the number otherwise determined under the terms of the merger agreement. If this is necessary, the allocation and proration procedures described above will remain the same except that they will be based on this higher number of IBT common shares to be converted into S&T common stock.

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We are not making any recommendation as to whether IBT shareholders should elect to receive only S&T common stock, only cash or a combination of both types of consideration. We are also not making any recommendation as to whether IBT shareholders should elect to receive a specific ratio of cash or S&T common stock. Each IBT shareholder must make his or her own decision with respect to the election to receive S&T common stock, cash or a combination thereof for his or her shares of IBT stock. In addition, because the tax consequences of receiving cash will differ from the tax consequences of receiving S&T common stock, each shareholder should carefully read the discussion included below under **Material United States Federal Income Tax Consequences of the Merger** (page 64) and consult their personal tax advisor.

### **Treatment of IBT Stock Options**

Each outstanding option to purchase shares of IBT common stock granted under any IBT stock option plan, whether or not then exercisable, will be cancelled in exchange for the right to receive an amount equal to the difference between \$31.00 and the exercise price of such IBT stock options.

### **Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration**

The conversion of IBT common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. As soon as reasonably practicable after completion of the merger but in any event within five business days, the exchange agent will exchange certificates representing shares of IBT common stock for the merger consideration, without interest, to be received in the merger pursuant to the terms of the merger agreement. However, if you have not previously submitted your stock certificates, you will be required to submit your certificates before you will receive your merger consideration. American Stock Transfer and Trust Company will be the exchange agent in the merger and will receive your form of election, exchange certificates for the merger consideration and perform other duties as explained in the merger agreement.

### **Form of Election**

The form of election and related transmittal materials are being mailed to IBT shareholders separately following the mailing of this document. The form of election and related documents will allow you to make cash or stock elections or a combination of both.

Unless otherwise agreed to in advance by S&T and IBT, the election deadline will be May 12, 2008, which is the business day prior to the IBT special shareholders meeting.

If you wish to elect the type of merger consideration you will receive in the merger, you should carefully review and follow the instructions that will be set forth in the form of election. Shareholders who hold their shares of IBT common stock in street name or through a bank, broker or other nominee should follow the instructions of the bank, broker or other nominee for making an election with respect to such shares of IBT common stock. Shares of IBT common stock as to which the holder has not made a valid election prior to the election deadline will be treated as non-election shares.

To make a valid election, each IBT shareholder must submit a properly completed form of election, together with stock certificates, so that it is actually received by the exchange agent at or prior to the election deadline in accordance with the instructions on the form of election. A form of election will be properly completed only if accompanied by certificates representing all shares of IBT common stock covered by the form of election (or appropriate evidence as to the loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification, as will be described in the form of election). If you are an IBT shareholder and you cannot deliver your stock certificates to the exchange agent by the election deadline, you may deliver a notice of guaranteed delivery promising to deliver your stock certificates, as will be described in the form of election, so long as (1) the guarantee of delivery is from a firm

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which is a member of any registered national securities exchange or a commercial bank or trust company in the United States and (2) the actual stock certificates are in fact delivered to the exchange agent by the time set forth in the guarantee of delivery.

Generally, an election may be revoked or changed, but only by written notice received by the exchange agent by 5:00 p.m., local time for the exchange agent, on the business day prior to the election deadline accompanied by a properly completed and signed revised form of election. IBT shareholders will not be entitled to revoke or change their elections following the election deadline. As a result, if you have made elections, you will be unable to revoke your elections or sell your shares of IBT common stock during the interval between the election deadline and the date of completion of the merger.

Shares of IBT common stock as to which the holder has not made a valid election prior to the election deadline, including as a result of revocation, will be deemed non-election shares. If it is determined that any purported cash election or stock election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis.

### ***Letter of Transmittal***

Soon after the completion of the merger, the exchange agent will mail a letter of transmittal to only those persons who were IBT shareholders at the effective time of the merger and who have not previously submitted a form of election and properly surrendered shares of IBT common stock to the exchange agent. This mailing will contain instructions on how to surrender shares of IBT common stock (if these shares have not already been surrendered) in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

If a certificate for IBT common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon receipt of appropriate evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification.

### ***Dividends and Distributions***

Until IBT common stock certificates are surrendered for exchange, any dividends or other distributions declared after the effective time with respect to S&T common stock into which shares of IBT common stock may have been converted will accrue but will not be paid. S&T will pay to former IBT shareholders any unpaid dividends or other distributions, without interest, only after they have duly surrendered their IBT stock certificates.

Prior to the effective time of the merger, IBT and its subsidiaries may not declare or pay any dividend or distribution on its capital stock or repurchase any shares of its capital stock, other than:

regular quarterly cash dividends at a rate not to exceed \$0.25 per share of IBT common stock with record dates and payment dates consistent with past practice; and

dividends paid by any wholly-owned IBT subsidiary to its parent company.

IBT and S&T have agreed to coordinate declaration of dividends so that holders of IBT common stock will not receive two dividends, or fail to receive one dividend, for any quarter with respect to their IBT common stock and any S&T common stock any holder receives in the merger.

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**Representations and Warranties**

The merger agreement contains customary representations and warranties of IBT and S&T relating to their respective businesses. The representations must be true and correct in all material respects, as of the date of the merger agreement and as of the effective date as though made on and as of the effective date (except that representations and warranties that by their terms speak as of the date of the merger agreement or some other date will be true and correct in all material respects as of such date). The representations and warranties in the merger agreement do not survive the effective time of the merger.

Each of S&T and IBT has made representations and warranties to the other regarding, among other things:

corporate matters, including due organization and qualification;

capitalization;

authority relative to execution and delivery of the merger agreement and the absence of breach or violations of organizational documents or other obligations as a result of the merger;

required governmental filings and consents;

the timely filing of reports with governmental entities, and the absence of investigations by regulatory agencies;

financial statements, internal controls and accounting;

the absence of circumstances and events reasonably likely to have a material adverse effect;

legal proceedings;

regulatory matters;

compliance with applicable laws;

environmental liabilities;

risk management arrangements;

maintenance of books and records;

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Bank Secrecy Act and anti-money laundering compliance matters;

off balance sheet transactions; and

the accuracy of information supplied for inclusion in this document and other similar documents. In addition, IBT has made other representations and warranties about itself to S&T as to:

its subsidiaries;

material contracts, exclusivity arrangements, and other certain types of contracts;

absence of actions giving rise to any valid claim for a brokerage commission or finder's fee;

employee matters, including employee benefit plans;

labor matters;

the inapplicability of state takeover laws;

tax matters;

insurance coverage;

properties;

investment and loan portfolios;

allowance for loan losses;

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repurchase agreements;

deposit insurance;

annual disclosure statement;

absence of rights of dissent and appraisal; and

the receipt of a financial advisor's fairness opinion.

S&T also has made representations and warranties to IBT regarding the availability of cash to pay the cash portion of the merger consideration and the authorization and valid issuance of the S&T common stock to pay the stock portion of the merger consideration.

The representations and warranties described above and included in the merger agreement were made by each of S&T and IBT to the other party. These representations and warranties were made as of specific dates, may be subject to important qualifications and limitations agreed to by S&T and IBT in connection with negotiating the terms of the merger agreement, and may have been included in the merger agreement for the purpose of allocating risk between S&T and IBT rather than to establish matters as facts. The merger agreement is described herein, and included as Annex A to, this document only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding IBT, S&T or their respective businesses. Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this document and in the documents incorporated by reference into this document. See [Where You Can Find More Information](#) on page 81.

**Covenants and Agreements**

Each of IBT and S&T has undertaken customary covenants that place restrictions on it and its subsidiaries until the effective time of the merger. In general, each of S&T and IBT agreed to use its reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the merger as promptly as practicable.

IBT has agreed to operate its business only in the ordinary course and to use reasonable best efforts to preserve intact its business organization and assets and maintain its rights, franchises, and existing relations with customers, suppliers, employees and business associates. In addition, IBT has agreed that, with certain exceptions and except with S&T's prior written consent (which is not to be unreasonably withheld), IBT will not, and will not permit any of its subsidiaries to, among other things, undertake the following extraordinary actions:

enter into any new material line of business or change its lending, investment, underwriting, risk, asset liability management or other banking and operating policies, except as required by applicable law, regulation, or policies imposed by any governmental authority;

issue, sell, or otherwise permit to become outstanding, or authorize the creation of, any additional shares of IBT stock other than pursuant to rights outstanding, or permit any additional shares of IBT common stock to become subject to new grants of employee or director stock options or similar stock-based employee rights;

make, declare or pay any dividends or other distributions on any shares of its capital stock, except as set forth above in [Conversion of Shares; Exchange of Certificates](#) [Dividends and Distributions](#) ;

take specified actions relating to director and employee compensation, benefits, hiring and promotion;



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undertake extraordinary corporate transactions, such as mergers and acquisitions, or other transactions, such as sales of assets outside the ordinary course of business;

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amend any provision of its restated articles of incorporation, by-laws or similar governing documents;

implement or adopt any change in its accounting principles, practices or methods, other than as may be required by United States generally accepted accounting principles or regulatory accounting principles;

other than in the ordinary course of business consistent with past practice, enter into, amend or modify in any material respect or terminate any material contract;

other than in the ordinary course of business consistent with past practice, settle any claim other than payments in cash in an amount that is not material to IBT and its subsidiaries, and that do not create negative precedent for any other material claim, action or proceeding;

take any action that would, or is reasonably likely to, prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

take any action that would result in any of the representations and warranties becoming untrue or that would cause the failure of a closing condition or violation of any provision of the merger agreement, except as required by applicable law or regulation;

except pursuant to applicable law or regulation or by the FDIC or other regulatory authority, implement or adopt any material change in its risk management policies, procedures, or practices, or fail to follow its existing policies or practices with respect to risk management, or fail to use commercially reasonable means to avoid any material increase in its aggregate exposure to risk;

incur any indebtedness for borrowed money in excess of \$100,000 other than in the ordinary course of business consistent with past practice;

make any capital expenditures or commitments in excess of \$25,000 individually, or \$200,000 in the aggregate, other than as previously committed;

close or relocate any offices at which business is conducted or open any new offices or ATMs, except as previously disclosed;

make, change, or revoke any material tax election, adopt or change an annual tax accounting period, change any tax accounting method, file any material amended tax return, enter into any closing agreement with respect to taxes, settle any material tax claim or surrender any material claim for a refund of taxes; or

agree or commit to do any of the actions prohibited by the preceding bullets.

S&T has agreed that, except with IBT's prior written consent (which is not to be unreasonably withheld), S&T will not take any action that would: (i) result in any of the conditions to the merger not being satisfied; (ii) prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; or (iii) cause any of its representations or warranties to become untrue.

The merger agreement also contains mutual covenants relating to the preparation of this document, the regulatory applications and the holding of the special meeting of IBT shareholders, access to information of the other company and public announcements with respect to the transactions contemplated by the merger agreement. IBT and S&T have also agreed to use all reasonable best efforts to take all actions needed to obtain

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necessary governmental and third party consents and to consummate the transactions contemplated by the merger agreement.

### **Bank Merger**

S&T and IBT have agreed to enter into a merger agreement pursuant to which Irwin Bank will merge with and into S&T Bank as soon as practicable after the execution of the parent merger agreement. The bank merger is intended to become effective simultaneously with or immediately following the closing of the merger of the parent companies.

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### **Reasonable Best Efforts of IBT to Obtain the Required Shareholder Vote**

IBT has agreed to hold a meeting of its shareholders as soon as is reasonably practicable for the purpose of obtaining shareholder adoption of the agreement and plan of merger. IBT will use all reasonable lawful action to obtain such approval. Subject to its fiduciary duties, as determined in good faith after consultation with its outside legal counsel, IBT's board of directors has agreed to recommend that its shareholders vote in favor of the agreement and plan of merger.

### **Agreement Not to Solicit Other Offers**

IBT also has agreed that it, its subsidiaries and their officers, directors, employees, representatives, agents or affiliates will not, directly or indirectly:

initiate, solicit, or encourage any inquiries or proposals that constitute, or may reasonably be expected to lead to, an Acquisition Proposal (as defined below) or enter into or maintain or continue any discussions or negotiations with respect to such inquiries; or

enter into any agreement regarding any Acquisition Proposal or authorize or permit any of its officers, directors, employees, subsidiaries or any representative to take any such action.

However, IBT may consider and participate in discussions and negotiations with respect to an unsolicited Acquisition Proposal if the IBT board of directors determines in good faith (after consultation with outside legal counsel and financial advisors) that failure to take these actions would be reasonably likely to violate its fiduciary duties. In addition, IBT must not provide confidential information or data to any person in connection with an Acquisition Proposal unless the person has executed a confidentiality agreement on terms at least as favorable as the terms contained in the confidentiality agreement between IBT and S&T.

IBT has agreed:

to notify S&T within two business days after receipt of any Acquisition Proposal or any inquiry which could reasonably be expected to lead to an Acquisition Proposal, or any material change to any Acquisition Proposal, or any request for nonpublic information relating to IBT or any of its subsidiaries or for access to the properties, books or records of IBT or any of its subsidiaries by any person or entity that informs the board of directors of IBT that it is considering making, or has made, an Acquisition Proposal, and to provide S&T with relevant information regarding such inquiry, proposal, modification or amendment;

to keep S&T fully informed of the status and details of any such proposal or inquiry and any developments with respect thereto;

not to release any third party from the confidentiality and standstill provisions of any agreement to which IBT or its subsidiaries is or may become a party and to take all steps necessary to terminate any approval that may have been given under any such provisions authorizing any person to make an Acquisition Proposal; and

to cease any existing discussions or negotiations with any persons with respect to any Acquisition Proposal, and to use reasonable best efforts to cause all persons other than S&T who have been furnished with confidential information in connection with an Acquisition Proposal within the twelve months prior to the date of the merger agreement to return or destroy such information.

Acquisition Proposal means any proposal or offer as to any of the following (other than the merger with S&T) involving IBT or any of its subsidiaries:

any merger, consolidation, share exchange, business combination or other similar transaction;

any sale, lease, exchange, pledge, transfer or other disposition of 25% or more of its consolidated assets or liabilities in a single transaction or series of transactions;

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any tender offer or exchange offer for, or other acquisition of, 25% or more of the outstanding shares of capital stock; or

any public announcement of a proposal, plan or intention to do, or any agreement to engage in, any of the actions listed in the foregoing bullets.

### **Expenses and Fees**

In general, each of S&T and IBT will be responsible for all expenses incurred by it in connection with the negotiation and completion of the transactions contemplated by the merger agreement. However, the costs (excluding the fees and disbursements of counsel, financial advisors and accountants) incurred in connection with the preparation (including copying, printing and distributing) of this document, and all listing, filing or registration fees, including, without limitation, fees paid for filing this document with the SEC and any other fees paid for filings with any governmental authorities will be borne equally by IBT and S&T.

### **Employee Matters**

All employees of IBT and its subsidiaries as of immediately prior to the merger will be employed by S&T or its subsidiaries after the merger and their employment will be subject to S&T's usual terms, conditions and policies of employment. IBT employees will be entitled to participate in all benefit plans and programs on the same basis as other similarly-situated S&T employees, including but not limited to, vacation, health, life insurance, disability insurance, defined benefit pension plans, and salary deferral plans. For the calendar year including the date of merger, IBT employees will not have to satisfy any deductible, co-payment, out-of-pocket maximum, or similar requirements under the benefit plans maintained by S&T or its subsidiaries that provide medical, dental and other welfare benefits to the extent of amounts previously credited for such purposes under IBT plans that provide medical, dental and other welfare benefits. S&T has agreed to waive any waiting periods, pre-existing conditions exclusions and requirements to show evidence of good health under any S&T health plans, except to the extent any such waiting period, pre-existing condition, exclusion, or requirement to show evidence of good health applied under the applicable IBT plan, in which the participant then participated or was eligible to participate as of immediately prior to the effective time of the merger.

However, S&T has no obligation to continue the employment of any IBT employee for any period following the merger and may review employee benefits programs from time to time and make such changes as it deems appropriate.

None of the employment provisions discussed in this section will create any third party beneficiary rights in any employee of IBT or its subsidiaries (including any beneficiary or dependent of any employee) in respect of continued employment, resumed employment or any other matter.

Additionally, IBT has agreed to take all actions that may be requested by S&T in writing with respect to: (i) terminating IBT benefit plans; (ii) causing benefit accrual and entitlements under any plan to cease; (iii) causing the continuation of any contract, arrangement, or insurance policy relating to any plan for a period requested by S&T; or (iv) facilitating the merger of any plan into an employee benefit plan maintained by S&T.

### *Employment Agreements*

S&T has agreed to honor certain change in control agreements for IBT's executives. See "The Merger - IBT's Directors and Officers Have Financial Interests in the Merger" on page 38.

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*Severance Benefits*

Certain IBT employees will be eligible for severance benefits through the Irwin Bank Discretionary Employment Transition Plan. In the event of closure or relocation of a function, operation, or facility, S&T will make every reasonable effort to place affected employees in other open, comparable positions in S&T Bank, or at new or other divisions or locations of S&T Bank. An employee who is offered a comparable position within S&T Bank will not be eligible for severance pay under the Discretionary Employment Transition Plan. An employee for whom no position can be found, or who is offered a non-comparable position and does not accept, will be eligible for severance pay. Employees who are eligible for and elect to participate in the Early Retirement Incentive Program will not be eligible for severance benefits.

The amount of severance will vary depending on years of service since the employee's most recent hire date at IBT. Severed employees will also have the right to continue medical benefits under COBRA (at IBT COBRA rates) for a period of up to 18 months from the time of separation (29 months in cases of disabled employees or eligible dependents) by paying the premium costs. S&T Bank will make COBRA premium payments for affected employees who elect continuation coverage during their individual severance periods unless or until similar benefits are made available through a new employer. Life insurance and long-term disability benefits will terminate as of the date of separation. Participation in the 401(k) and service credit for pension calculation purposes will terminate on the last day of active employment. Earned but unused vacation and floating holiday time will be paid out in a lump sum at the time of severance to all affected full-time employees. Severed employees rehired by S&T within the severance period will not be eligible for severance pay after the date of re-employment.

*Special Early Retirement Incentive Program*

Certain IBT employees will be eligible to participate in the 2008 Special Early Retirement Incentive Program as of the effective date of the merger. The voluntary program is available to all IBT employees who are age 50 or older with 15 or more years of vesting service, or age 55 or older with 10 or more years of vesting service, as of the date of acquisition of IBT by S&T. The program provides for an increased retirement benefit, payable from IBT's Pension Plan. Generally, benefits under IBT's Pension Plan are based on an employee's pay and service as of his or her retirement date, and the full amount of the benefit is only available if an employee elects to commence payments at age 65. Earlier payment election results in a reduction of benefits, based on the employee's age when payments begin. The enhancement under the 2008 Special Early Retirement Incentive Program provides credit for five additional years to be added in any combination of whole year increments to the employee's actual age and years of service at retirement, thereby increasing benefits.

**Indemnification and Insurance**

The merger agreement provides that in the event of any threatened or actual claim, action, suit, proceeding or investigation in which any person who is or has been a director or officer of IBT or is threatened to be made party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he is or was a director, officer or employee of IBT or any of its subsidiaries or predecessors, or (ii) the merger agreement, IBT and S&T will cooperate and use their best efforts to defend against and respond thereto. S&T has agreed to indemnify and hold harmless each such indemnified party against any losses, claims, damages, liabilities, costs, expenses (including reasonable attorney's fees and expenses in advance of the final disposition of any claim, suit, proceeding or investigation to each party to the fullest extent permitted by law), judgments, fines and amounts paid in settlement in connection with any such threatened or actual claim, action, suit proceeding or investigation. Additionally, the indemnified parties may retain counsel reasonably satisfactory to them after consultation with S&T. However, S&T retains the right to assume the defense thereof and upon such assumption S&T will not be liable to any indemnified party for any legal expenses of other counsel or any other expenses subsequently incurred in connection with the defense thereof, except that if S&T elects not to assume such defense or counsel or the indemnified party reasonably advises that there are issues which raise conflicts of

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interest between S&T and the indemnified party, the indemnified party may retain counsel reasonably satisfactory to him after notification and S&T will pay the reasonable fees and expenses. Under the merger agreement, S&T is obligated to pay for only one firm of counsel for all indemnified parties, and S&T is not liable for any settlement effected without its prior written consent (which will not be unreasonably withheld). S&T will have no further obligation to any indemnified party when and if a court of competent jurisdiction ultimately determines, and such determination is final and non-appealable, that indemnification is prohibited by law. S&T's indemnification obligations continue for six years after completion of the merger, but the right to indemnification in respect of any claim asserted within that time period continues until the final disposition of the claim.

The merger agreement requires S&T to maintain in effect for six years after completion of the merger the current rights of IBT directors, officers and employees to indemnification under the IBT restated articles of incorporation or the IBT by-laws or similar governing documents. The merger agreement also provides that, upon completion of the merger, S&T will indemnify and hold harmless, and provide advancement of expenses to, all past and present officers, directors and employees of IBT and its subsidiaries in their capacities as such against all losses, claims, damages, costs, expenses, liabilities, judgments or amounts paid in settlement to the fullest extent permitted by applicable laws.

The merger agreement provides that S&T will maintain for a period of three years after completion of the merger IBT's current directors' and officers' liability insurance policies, or policies of at least the same coverage and amount and containing terms and conditions that are not less advantageous than the current policy, with respect to acts or omissions occurring prior to the effective time of the merger, except that S&T is not required to incur an annual premium expense greater than 150% of IBT's current annual directors' and officers' liability insurance premium.

### **Conditions to Complete the Merger**

Our respective obligations to complete the merger are subject to the fulfillment or waiver of certain conditions, including:

the adoption of the agreement and plan of merger by the requisite vote of IBT shareholders;

the approval of the listing of S&T common stock to be issued in the merger on Nasdaq, subject to official notice of issuance;

the effectiveness of the registration statement of which this document is a part with respect to the S&T common stock to be issued in the merger under the Securities Act and the absence of any stop order or proceedings initiated or threatened by the SEC for that purpose;

the receipt by each of S&T and IBT of a legal opinion with respect to certain United States federal income tax consequences of the merger;

the receipt and effectiveness of all governmental and other approvals, registrations and consents on terms and conditions that would not have a material adverse effect or be unduly burdensome on S&T, and the expiration of all related waiting periods required to complete the merger;

the absence of any law, statute, regulation, judgment, decree, injunction or other order in effect by any court or other governmental entity that prohibits completion of the transactions contemplated by the merger agreement.

Each of S&T's and IBT's obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of conditions including:

the absence of a material adverse effect on the other party; and



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the truth and correctness of the representations and warranties of each other party in the merger agreement, subject to the materiality standard provided in the merger agreement, and the performance

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by each other party in all material respects of their obligations under the merger agreement and the receipt by each party of certificates from the other party to that effect.

In addition, the obligation of IBT to complete the merger is conditioned on receipt of a certificate from the exchange agent certifying that the aggregate cash consideration has been deposited in an escrow account together with an irrevocable authorization to issue sufficient shares of S&T common stock to satisfy the stock portion of the consideration. The obligation of S&T to complete the merger is additionally subject to the condition that the rights under IBT's shareholder rights plan have not become exercisable.

We cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party. As of the date of this document, we have no reason to believe that any of these conditions will not be satisfied.

### **Termination of the Merger Agreement**

The merger agreement can be terminated at any time prior to completion by mutual consent or by either party in the following circumstances:

if there is a breach by the other party that would cause the failure of the closing conditions, unless the breach is capable of being, and is, cured within 30 days of notice of the breach and the terminating party is not itself in material breach;

if the merger has not been completed by September 30, 2008, unless the failure to complete the merger by that date arises out of or results from the knowing action or inaction of the party seeking to terminate;

if any of the required regulatory approvals are denied (and the denial is final and non-appealable); or

if the shareholders of IBT fail to adopt the agreement and plan of merger at the special meeting.

In addition, S&T may terminate the merger agreement if the IBT board of directors fails to recommend that IBT shareholders adopt the agreement and plan of merger, withdraws, or materially modifies, or proposes to withdraw, or materially modify in a manner adverse to S&T its recommendation of the merger to shareholders, recommends a competing merger proposal.

IBT may terminate the merger agreement in order to enter into an agreement with another party if it receives a Superior Proposal (as defined below) if the following conditions are satisfied:

the proposal was not obtained in violation of the terms of the merger agreement;

IBT has provided S&T with written notice of IBT's receipt of a Superior Proposal and the material terms of the proposal and stated whether IBT intends to enter into a definitive agreement with respect to the Superior Proposal;

IBT has waited five business days after S&T's receipt of the written notice described above; and

S&T has failed to make such adjustments in the terms and conditions of the merger agreement as would enable IBT to proceed with the merger on such adjusted terms.

A Superior Proposal is an acquisition proposal that IBT's board of directors determines, after consultation with its financial advisor, is superior to the merger from a financial point of view to IBT's shareholders.

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In addition, IBT may terminate the merger agreement within three business days of the Determination Date (Determination Date means the first date on which all regulatory approvals, and waivers, if applicable, necessary for consummation of the merger and the transactions contemplated by the merger agreement have been received)

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if its board of directors determines that both of the following conditions have occurred and gives written notice to S&T of such determination:

the average of the daily closing sales prices of a share of S&T common stock as reported on Nasdaq for the twenty consecutive trading days immediately preceding the Determination Date is less than 85% of the closing sale price of S&T common stock on the last trading date before the date of the merger agreement; and

the average of the daily closing sales prices of a share of S&T common stock as reported on Nasdaq for the twenty consecutive trading days immediately preceding the Determination Date is such that the price performance of S&T common stock is lower than the price performance of the Nasdaq Bank Index minus 15%.

However, IBT may not terminate in these circumstances if S&T exercises its option to increase the number of S&T common shares to be received by IBT shareholders such that the implied value of the merger would be equivalent to the minimum implied value that would have had to exist for the above price-based termination right to have not been triggered.

*Effect of Termination.* If the merger agreement is terminated, it will become void, and there will be no liability on the part of S&T or IBT, except that (1) both S&T and IBT will remain liable for any willful breach of the merger agreement and (2) designated provisions of the merger agreement, including the payment of fees and expenses, the confidential treatment of information and publicity restrictions, will survive the termination.

## **Termination Fee**

In the event that the merger agreement is terminated because:

(1) IBT materially breaches any representation, warranty or covenant contained in the merger agreement, (2) the IBT board of directors fails to recommend that IBT shareholders adopt the agreement and plan of merger, withdraws or modifies its recommendation in a manner adverse to S&T, or recommends an alternative business combination proposal, (3) the IBT shareholders fail to adopt the merger agreement, or (4) IBT terminates the agreement to accept a superior proposal *and* in all instances, prior to the termination, an alternative acquisition proposal was commenced or publicly announced and, in all cases, IBT then enters into a definitive agreement relating to a competing takeover proposal before the eighteen month anniversary of the termination; or

prior to termination a competing takeover proposal is made to IBT or its shareholders or has been publicly announced, the agreement is then terminated by S&T because IBT does not call a meeting to vote on the merger agreement or fails to recommend adoption of the merger agreement and IBT then enters into a definitive agreement relating to a competing takeover proposal before the eighteen month anniversary of the receipt of the competing proposal,

IBT will pay S&T a \$6.5 million termination fee.

## **Amendment, Waiver and Extension of the Merger Agreement**

Subject to applicable law, the parties may amend the merger agreement by written agreement between IBT and S&T executed in the same manner as the merger agreement.

At any time prior to the completion of the merger, each of us, by action taken or authorized by our respective board of directors, to the extent legally allowed, may:

extend the time for the performance of any of the obligations or other acts of the other party;

waive any inaccuracies in the representations and warranties of the other party; or

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waive compliance by the other party with any of the other agreements or conditions contained in the merger agreement. However, after any approval of the transactions contemplated by the agreement and plan of merger by the IBT shareholders, no amendments or waivers may be made that would require resubmission of the agreement and plan of merger to the IBT shareholders.

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**UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION**

The following table sets forth information about S&T's financial condition and results of operations, including per share data and financial ratios, after giving effect to the merger of IBT with and into S&T. This information is called pro forma financial information in this proxy statement/prospectus. The table shows the information as if the IBT merger had become effective on September 30, 2007, in the case of balance sheet data, on January 1, 2006, in the case of the December 31, 2006 income statement data, and on January 1, 2007 in the case of the September 30, 2007 income statement data. This pro forma information assumes that the merger with IBT is accounted for using the purchase method of accounting and represents a current estimate based on available information about S&T's and IBT's results of operations. See "Accounting Treatment" on page 63.

The pro forma financial information includes adjustments to record the assets and liabilities of IBT at their estimated fair values and is subject to further adjustment, possibly material, as additional information becomes available and as further analyses are completed. This table should be read in conjunction with, and is qualified in its entirety by, the historical financial statements, including the notes thereto, of S&T incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" on page 81.

The pro forma financial information, while helpful in illustrating the combined financial condition and results of operations of IBT and S&T once the merger with IBT is completed under a particular set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies and asset dispositions, among other possibilities, and post-merger integration costs that may occur as a result of the merger and, accordingly, does not attempt to predict future results. The pro forma financial information also does not necessarily reflect what the combined historical results of operations of S&T and IBT would have been had they been merged during these periods.

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	<b>S&amp;T Bancorp</b>	<b>As of September 30, 2007 IBT Bancorp</b>	<b>Pro Forma Adjustments (dollars in thousands)</b>		<b>Pro Forma Consolidated</b>
<b>ASSETS</b>					
Cash and due from banks	\$ 61,192	\$ 21,388	\$ 53,750	(A)	\$ 82,665
			(75,051)	(B)	
			(5,614)	(C)	
			27,000	(N)	
Securities available for sale	363,838	238,693	(8,846)	(H)	566,685
			(27,000)	(N)	
Other investments	11,312	5,128			16,440
Loans held for sale	1,336	7,299			8,635
Portfolio loans, net of allowance for loan losses	2,716,084	473,416	2,326	(I)	3,191,826
Premises and equipment, net	37,262	5,212			42,474
Goodwill	50,087		99,909	(E)	149,996
Other intangibles, net	4,591		17,145	(F)	22,682
			946	(G)	
Bank owned life insurance	35,260	12,739			47,999
Deferred tax asset	16,862	2,550			19,412
Other assets	63,922	7,399	250	(A)	71,571
<b>Total Assets</b>	<b>\$ 3,361,746</b>	<b>\$ 773,824</b>	<b>\$ 84,815</b>		<b>\$ 4,220,385</b>
<b>LIABILITIES</b>					
Deposits:					
Noninterest-bearing demand	\$ 452,140	\$ 84,272			\$ 536,412
Interest-bearing demand	154,623	56,224			210,847
Money market	139,904	58,828			198,732
Savings	939,443	62,864			1,002,307
Time deposits	934,066	318,320	296	(J)	1,252,682
<b>Total Deposits</b>	<b>2,620,176</b>	<b>580,508</b>	<b>296</b>		<b>3,200,980</b>
Securities sold under repurchase agreements and federal funds purchased	95,809	57,828			153,637
Short-term borrowings	30,000	15,756			45,756
Long-term borrowings	211,255	51,000	(610)	(K)	261,645
Junior subordinated debt securities	25,000		54,000	(A)	79,000
Deferred tax liability	13,650		(518)	(H)	20,388
			7,256		