

Empire State Development News

Press Office

Warner Johnston (ESD) | 800.260.7313
Leslie G. Garrity (First Niagara) | 716.625.7528

FOR RELEASE: IMMEDIATE

9/10/2009

FIRST NIAGARA TO MAKE NEW HEADQUARTERS IN DOWNTOWN BUFFALO

Company's current Lockport facility will remain its back office center and First Niagara will create an additional 300 jobs across Upstate New York

Empire State Development today announced that First Niagara Financial Group, Inc. will move its corporate headquarters from Lockport to the LCo Building in Downtown Buffalo, where the company currently leases office space. In addition, First Niagara will continue to make its existing Lockport headquarters its central back office operation center, demonstrating the company's continued commitment to Niagara County. First Niagara currently employs more than 2,800 people across Upstate New York, including more than 1,100 in Erie and Niagara counties. This expansion project will create 300 new Upstate New York jobs. ESD has earmarked a \$1.3 million grant to First Niagara.

"I am extremely pleased that First Niagara has chosen to continue expanding right here in New York State. This expansion is important to both Erie and Niagara counties, as it firmly establishes this company's presence in the Buffalo Niagara region for years to come," said Governor David A. Paterson. "It is important that we foster such investments to secure our downtown districts' and our companies' future in New York State, including making sound, high paying jobs available for our citizens."

"This announcement adds to the growing list of companies that are choosing to relocate and expand here in Western New York, bringing hundreds of good jobs with them to the region," said ESD Chairman & CEO designate Dennis M. Mullen. "What's more, First Niagara's move will greatly enhance the re-emerging, historic Larkin District as a central business neighborhood in downtown Buffalo by bringing in a significant number of jobs that will provide additional economic resources to support retail, housing and other commercial developments in the area. This is huge in terms of job creation, business investment and downtown redevelopment—you can't ask for more positive outcomes from a project than that."

Locating First Niagara Bank's corporate headquarters at the historic LCo building will be a further catalyst for redevelopment of the Larkin District. Seneca Street will undergo a significant streetscape upgrade during the next two years to enhance the entrance—and key corridor—to the district. In addition, Larkin Development is working collaboratively with First Niagara to develop financing programs to eventually bring residential development to the district.

First Niagara President and CEO John R. Koelmel said: "We're proud to be one of the few companies in the financial services business, or any industry, that can say we're bigger, stronger and better positioned than we were a year ago. Our customers and employees in the Buffalo Niagara region are the foundation for our success, and they'll continue to be. First Niagara has contributed to the City of Buffalo's revitalization for many years by funding business and community projects, adding branches and growing our workforce there. Buffalo is the regional hub of Western New York business and commerce, and relocating First Niagara's headquarters brings us even closer to many of our commercial customers and leading professional services firms in the Buffalo Niagara region. It also demonstrates our commitment to the city and is the first of many investments we will make in collaboration with Larkin Development to revitalize and promote the rebirth of the area."

First Niagara Financial Group, Inc., through its wholly owned subsidiary First Niagara Bank, had assets of \$11.6 billion and deposits of \$6.2 billion at June 30, 2009. First Niagara Bank is a full-service, community-focused bank that provides financial services to individuals, families and businesses through 170 branches and five Regional Market Centers across Upstate New York and Western Pennsylvania. In July 2009, First Niagara announced its plans to acquire Harleysville National Corporation and its \$5.6 billion in assets and 83 branches in the Philadelphia area.

City of Buffalo Mayor Byron Brown said: "This is tremendous news that reinforces the fact that the City of Buffalo is an excellent location to invest in and conduct business. We know that jobs have increased in Buffalo between 2005 and 2008, and I'm committed to maintaining the type of business-friendly climate that attracts corporate headquarters from such esteemed institutions like First Niagara Bank. By reducing commercial property taxes every year since I took office in 2006, I have focused on making Buffalo a more attractive business environment; I welcome First Niagara Bank's corporate headquarters and its great employees to Buffalo!"

Erie County Executive Chris Collins said: "I'm extremely grateful that First Niagara Bank continues to demonstrate its commitment to the Western New York community. In order to rebuild our economy, we must succeed regionally. First Niagara's investment in the City of Buffalo, and the expansion of its back office operations in Niagara County is a great example of a regional approach to growth. As First Niagara Bank demonstrates, the back office business sector is one our region's key economic drivers, creating quality, high paying jobs."

New York State Senator William T. Stachowski said: "First Niagara is truly a regional success story. Despite the financial challenges facing the banking community, First Niagara continues to flourish and in fact expand its foot print in both Niagara and Erie County. I salute the management team of First Niagara and their commitment to downtown Buffalo as well as their roots in Niagara County and the city of Lockport."

New York State Senator Antoine Thompson said: "I am very happy to see that First Niagara has chosen a location in Downtown Buffalo for their new headquarters. With the current state of the economy, it is pleasing to hear that 310 new jobs will be created with this expansion."

New York State Assembly member Mark Schroeder said: "This is great news for the Larkin District, and another sign that this historic neighborhood is returning to its past glory. I would like to commend First Niagara for this major investment in the City of Buffalo, and I look forward to the day the bank's new Larkin District headquarters open for business."

New York State Assembly member Crystal Peoples-Stokes said: "The retention and addition of these high quality jobs will further bolster and spur improvements in the historic Larkin District. It is my hope that this is only the beginning and that other businesses will see our region as an area of opportunity and look to expand their business interests here. I would like to thank First Niagara, Governor Paterson and ESDC for all their efforts in making this happen."

National Grid Regional Executive Dennis Elsenbeck said: "National Grid is proud that its initial efforts to support the development of the LCo Building and the Larkin District continue to pay dividends for the community. We look forward to working with all the partners in taking advantage of this latest opportunity."

Larkin Development Group Principal Howard Zemsky said: "This is flat out fabulous, we simply couldn't be more excited for the Larkin building and the Larkin District to become the headquarters of First Niagara, one of Western New York's fastest growing and most outstanding companies. This will fast forward our ambitions to create a vibrant mixed use neighborhood in this historic district. We are extremely grateful for the support of Governor Paterson, Empire State Development, Mayor Brown, and the City of Buffalo which will enable us, along with First Niagara, to dramatically upgrade the public infrastructure in this district."

Empire State Development is New York's chief economic development agency. ESD also oversees the marketing of "I LOVE NY," the State's iconic tourism brand. For more information, visit www.nylovesbiz.com.

Additional contact information:

Warner Johnston (ESD) | wjohnston@empire.state.ny.us

Leslie G. Garrity (First Niagara) | leslie.garrity@fnfg.com

###