

First Niagara Financial Corporation (NASDAQ: FNFG; Buffalo, NY) has agreed to sell 37 branches and \$2.4 billion in deposits to KeyCorp (NYSE: KEY; Cleveland, OH)

Aggregate Transaction Value: \$110 million; 4.6% deposit premium

Sandler O'Neill served as a financial advisor to First Niagara in this transaction.

This transaction represents Sandler O'Neill's 33rd branch transaction since January 1, 2008. Sandler O'Neill has served as a financial advisor on more branch transactions than any other investment bank during that time period.¹

About the Transaction: As First Niagara Bank, N.A. continues to advance toward completion of the acquisition of HSBC Bank USA, N.A. branches in Upstate New York and Connecticut in the second quarter of this year, the company today announced it has reached an agreement with KeyCorp (NYSE:KEY) for its wholly-owned subsidiary KeyBank N.A. to purchase 37 HSBC locations and assume approximately \$2.4 billion in deposits and approximately \$400 million in loans in the Buffalo and Rochester markets. Under the terms of the agreement, Key will pay First Niagara a deposit premium of 4.6%, or approximately \$110 million, based on August 2011 deposit balances. Key's purchase includes all 26 HSBC locations slated for divestiture under First Niagara's November 2011 agreement with the Department of Justice (DOJ).

As announced in July 2011, when First Niagara completes its acquisition of the HSBC branches, the regional bank will have an enhanced leadership position in the Northeast, with more than 400 locations, \$30 billion in total deposits, \$38 billion in assets and more than 6,000 employees serving consumers, business and communities across New York, Pennsylvania, Connecticut and Massachusetts. The transaction will also provide First Niagara with number-one retail market share across Upstate New York, virtually doubling its number of branches in New York State to more than 200, stretching from Buffalo to Albany and down through the Hudson Valley.

"We're delivering on the plan we shared when we announced the HSBC-branch acquisition last year, in spite of the very challenging operating environment. The outcome will be another significant and positive step toward realizing our vision for establishing a regional leadership position in the northeast," First Niagara President and Chief Executive Officer John R. Koelmel said. "We expect to be a best-in-class operator, with enhanced breadth, depth and efficiency across our multi-state regional banking network."

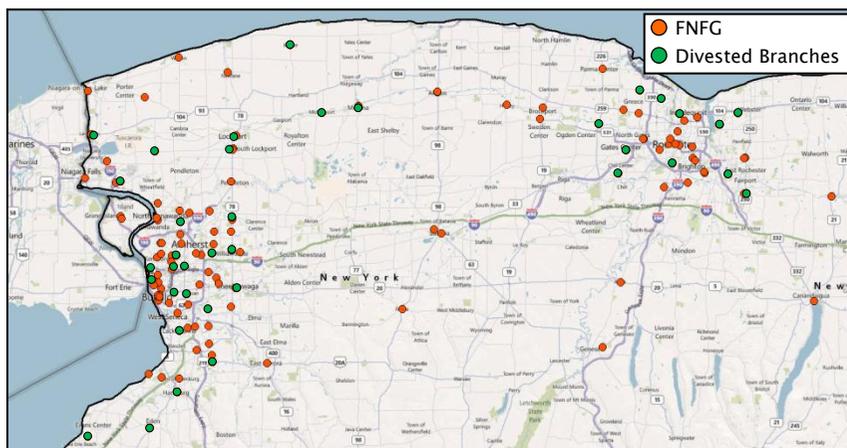
Transaction Highlights

Dollars in Millions

Branches	37
Deposits Assumed	\$2,400
Deposit Premium	\$110
Premium / Deposits	4.60%

(1) Includes all completed and pending branch transactions since January 1, 2008
Source: SNL Financial; Company filings

Pro Forma Branch Network (Highlighting Divestiture Areas)



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