

First Niagara Financial Corporation (NASDAQ: FNFG; Buffalo, NY) has agreed to sell in 2 transactions a total of 27 branches, \$1.4 billion in deposits and \$315 million in loans to Community Bank System, Inc. (NYSE: CBU) and Financial Institutions, Inc. (NASDAQ: FISI)

Deposit Premiums

Community Bank System, Inc.: 19 branches; \$31 million; 3.22% on approximately \$1.0 billion in deposits
 Financial Institutions, Inc.: 8 branches; \$16 million; 4.00% on approximately \$400 million in deposits

Sandler O'Neill served as a financial advisor to First Niagara in these transactions.

These transactions represent Sandler O'Neill's 34th and 35th branch transactions 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

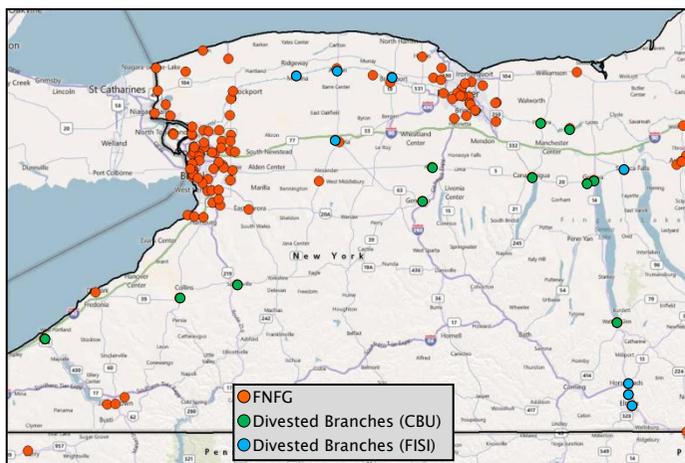
About the Transactions: Under the terms of the agreements, Community Bank System will acquire 16 HSBC branches and 3 First Niagara branches, and will pay a deposit premium of 3.22%, or approximately \$31 million. Financial Institutions will acquire 4 HSBC branches and 4 First Niagara branches for a deposit premium of 4.0%, or approximately \$16 million.

Combined with last week's announcement of the sale of 37 HSBC branches to KeyBank N.A., First Niagara now has completed agreements to sell a total of 64 branches with approximately \$3.8 billion in deposits and \$713 million in loans at a weighted average deposit premium of 4.2%. As a result, First Niagara continues to expect to onboard no more than \$11.0 billion in deposits upon completion of its transaction with HSBC.

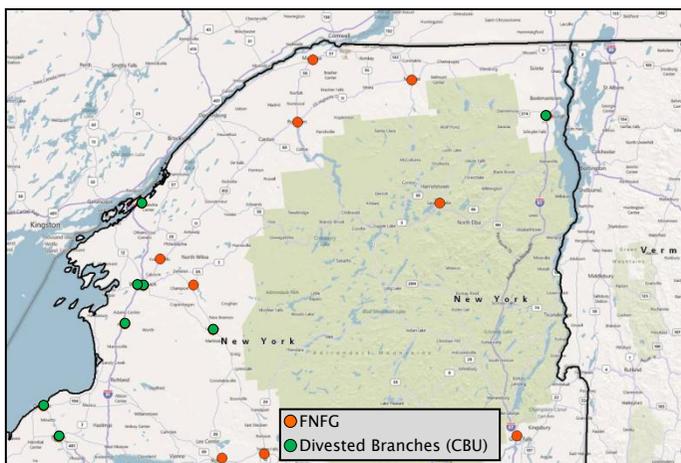
When First Niagara completes its acquisition of the HSBC branches, the regional bank will have an enhanced leadership position in the Northeast, with nearly 430 locations, net of planned branch consolidations. The enhanced franchise will include \$30 billion in total deposits, \$38 billion in assets and more than 6,000 employees serving consumers, businesses and communities across New York, Pennsylvania, Connecticut and Massachusetts. The transactions 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, including a leadership presence in Buffalo, Rochester, Syracuse, Binghamton, Albany and down the Hudson Valley.

Pro Forma Branch Network (Highlighting Divestiture Areas)

Western & Central New York



Northern New York



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

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