



CORPORATE GOVERNANCE GUIDELINES

FIRST NIAGARA FINANCIAL GROUP, INC. BOARD CREDO

The First Niagara Financial Group, Inc. (“First Niagara” or “FNFG” or the “Company”) Board (the “Board”) recognizes its responsibility to assure the success of this organization through both financially sound performance and adherence to the core values of the Company. The Board has the responsibility to ensure that good management is in place and executing their responsibilities accordingly.

Each member of the Board owes a duty of loyalty to the Company. Directors have a special obligation to provide an ethical leadership driven by the highest standard of corporate and personal integrity acting always in the best interests of the Company and its shareholders.

The Board understands its role of increasing shareholder value and overseeing the affairs of the Company for the benefit of shareholders, but also recognizes its responsibility to customers, employees, strategic partners and the communities we serve.

FIRST NIAGARA FINANCIAL GROUP, INC. CORPORATE GOVERNANCE GUIDELINES

BUSINESS ETHICS

The Board believes that the long-term success of the Company is dependent upon the maintenance of an ethical business environment that focuses on adherence to both the letter and the spirit of regulatory and legal mandates. The Board expects management to conduct operations in a manner aligned with the Board’s view.

BOARD MEMBERSHIP SELECTION

The Governance/Nominating Committee is responsible for identifying to the Board potential candidates for filling Board vacancies. Any new Director appointed by the Board shall automatically be placed in the class of Directors whose term expires at the next annual shareholders meeting. Regularly, this committee will review the current and required skills needed of the Board so that new candidates will complement existing Board skills. Diversity, prior public company experience, professional discipline, age and other factors will be used to determine new Board member potential. In all cases, potential candidates should show evidence of leadership in their particular field and have broad experience and the ability to exercise sound business judgment. The Governance/Nominating Committee will ensure that a majority of the Board shall always consist of members who satisfy NASDAQ listing standards for independence. Any new Board member, who was previously an executive of an acquired company, will not be considered independent for one year from the date of joining the Board.

BOARD LEADERSHIP

Chairman

The Board should be free to make this choice any way that seems best for the Company. Therefore, the Board does not have a policy on whether or not the role of the Chief Executive Officer (“CEO”) and Chairman should be separate and, if it is to be separate, whether the Chairman should be selected from the non-employee Directors or be an employee.

Chairman of the Executive Committee

When the CEO also serves as Chairman, the Board will appoint from its outside directors a Chairman of the Executive Committee who will act as Chair during meetings of outside Directors only, and also assume any other responsibilities so designated by the Board.

BOARD COMPOSITION AND PERFORMANCE

Board Meeting Attendance and Preparation

Attendance at Board meetings, appropriate Board Committee meetings and annual meetings is mandatory. Each Director is expected to be fully prepared for Board and Committee meetings. Company management is responsible for the timely delivery of meeting materials in advance of all meetings.

Committees

The committee structure of the Board is stipulated in the Bylaws of the Company. The committees are Audit, Compensation, Executive, Finance and Governance/Nominating. From time to time, there may be a situation when the Board may want to create a new committee or disband a current committee. The Audit, Compensation, and Governance/Nominating Committees shall consist entirely of independent directors as described by NASDAQ listing standards. Rotation of committee members may occur periodically, but is not required.

Executive Session of Directors

The Outside Directors of the Board will meet in Executive Session on a regular basis (at least quarterly). The Independent Directors of the Board will also meet in Executive Session as they deem appropriate (at least twice a year).

Confidentiality

It is essential that all Directors maintain absolute confidentiality regarding Board discussions and decisions. Any Director who is found to have consciously violated this standard will be asked to resign from the Board.

Assessing the Board’s Performance

The Governance/Nominating Committee is responsible to report annually to the Board an assessment of the Board’s performance.

Term Limits/Continuing Board Service

The Board does not believe it should establish term limits. As the by-laws state, there are three classes of Directors who will generally stand for re-election every three years as the Board determines an individual's suitability to stand for re-election. The Governance/Nominating Committee is responsible for reviewing expiring terms of Board Members and after a review of the Directors' performance and contribution during their previous term, make appropriate recommendations for re-election. Directors understand that their lives are dynamic and that the ability of a Director to serve effectively may vary with changes in the Director's work and personal life. The Board encourages each Director who stands for re-nomination to examine and determine his/her own qualification for continued Board service. Directors must retire by age 70.

Board Limit on Publicly-Traded Companies

Directors are not allowed to serve on more than four (4) Boards of publicly-traded companies, including FNFG.

Former CEO's Board Membership

When the CEO resigns or is terminated from that position, he/she will submit his/her resignation from the Board. The Board will then decide whether the individual continues to serve on the Board.

Directors Who Change Their Job Responsibility

Directors who significantly change the job responsibility they held when they were elected to the Board should submit a letter of resignation. This would not necessarily result in the Director leaving the Board. However, it is an opportunity for the Board, through the Governance/Nominating Committee, to review the appropriateness of continued Board membership.

Conflicts of Interest/Company Reputation

When a Director determines that he/she is in a potential conflict of interest, he/she must immediately notify the Board of the potential or actual conflict of interest and disqualify himself/herself from discussing or voting on that particular matter.

Any Director who is involved in a situation that may be detrimental to the Company's reputation is expected to communicate with the Board and offer to resign if in the best interest of the Company.

Board Compensation Review

The Compensation Committee of the Board should periodically review the status of Board compensation levels. As part of a Director's total compensation, and to create direct linkage with corporate performance, the Board may pay a portion of the Director's compensation in the Company's common stock.

Stock Ownership

The Board believes Directors and Executive Management should have a financial investment in the Company. Each Director is expected to own at least 25,000 shares within four years of being elected to the Board (excluding stock options). Ownership guidelines for members of Executive Management are as follows:

- Chief Executive Officer 250,000 shares
- Chief Operating Officer 125,000 shares
- Executive Vice Presidents 75,000 shares
- Senior Vice Presidents 50,000 shares

These guidelines for members of Executive Management are expected to be achieved within four years of being appointed to their position (excluding stock options).

CERTAIN AREAS OF BOARD INVOLVEMENT AND INTERACTION

The Board's Role in Strategic Planning

The Board will take an active role in strategic planning, implementation and appraisal realizing that strategy review is one of the Board's most important responsibilities.

Succession Planning & Leadership Development

The Board will require the CEO to give an annual report on the status of succession planning, including the CEO Succession Plan. Periodically, the Board will require a plan regarding leadership development for the Company.

Board Development

The Board is committed to supporting continuing education for all its members.

Board Access to Senior Management

Board members have complete access to the Company's senior management. Board members, in their own good judgment, should assure that this contact is constructive and not distracting to the business operation of the Company.

The Board encourages Executive Management, from time to time, to bring managers into Board meetings to provide meaningful additional insight on the specific subject matter; make presentations regarding major projects; and expose high potential managers to the Board.

Board's Ability to Hire Consultants

The Board has the express authority to hire its own consultants, as it deems appropriate.

Board's Interaction with Institutional Investors, The Press, Customers, etc.

The CEO and the Vice President of Corporate Affairs and Communications are the official spokespersons for the Company. Any requests by the press for commentary from Board members should be referred to the CEO. If comments from the Board are appropriate in a given

situation, they should come from the Chairman, or, if appropriate, from the Chairman of the Executive Committee.

Business Referral

Directors are expected to promote the Company within their spheres of influence and to assist the Company in developing new business.

September 20, 2005