

Subject: Scripting for conference calls with HNC employees
Audience: Paul Geraghty
Timing: Calls to take place 9 a.m., 9:30 a.m. and 10 a.m.

Thank you all for joining me today.

This morning, we announced the acquisition of Harleysville National Corporation by First Niagara Financial Group, a strong, well-capitalized community bank based in Lockport, New York, a suburb of Buffalo.

I wanted to take a few moments of your time to let you know a little bit about First Niagara and how we have arrived to this transaction.

[PAUSE]

As you know, we have built an excellent franchise here at Harleysville and East Penn. We've successfully pulled off two acquisitions in the past 24 months and have assembled a team that provides a high-level of customer service to our communities.

By combining our strengths with First Niagara's, we believe this acquisition between two community-focused banks will be a long-term boost for customers and communities of the Philadelphia and Lehigh Valley marketplaces. First Niagara's balance sheet is such that, together, we will create tremendous value for our shareholders.

First Niagara is a strong and stable community bank that is based in markets with similar characteristics to those of Harleysville. In addition, First Niagara has recently started expanding into Pennsylvania with the acquisition of National City branches in

Pittsburgh and Erie from PNC Bank. With this as a backdrop, the acquisition of Harleysville gives it a growth platform across Pennsylvania.

[PAUSE]

First Niagara Bank has assets of \$11.6 billion, deposits of \$6.2 billion and 113 branches across upstate New York. This deal is consistent with First Niagara's strategy of leveraging its strong capital base to enter markets with considerable growth potential.

Harleysville's fee-generating businesses were attractive distinguishing aspects for First Niagara. BeneServ augments the First Niagara's employee benefits consulting group, and our Millennium and Cornerstone wealth management businesses will serve as a growth platform. Likewise, First Niagara has an extensive array of insurance services that can be cross-sold to our current customer base.

[PAUSE]

I know that many people have been wondering about our initiatives to rectify our capitalization issues. When we looked at the numbers, and looked at the opportunity to partner with another great community bank that shares many of the same characteristics as Harleysville, it quickly became clear that this transaction was an opportunity that we simply couldn't pass up. This is a very challenging market for private equity, especially as it relates to raising bank capital. Capital is expensive, hard to come by, and deal terms are extremely dilutive.

Regulators did not push us into a transaction. It was clear that we needed to take steps to move the bank forward and address the issues outlined in our capital plan. The transaction with First Niagara was clearly the best alternative at this time, and a better alternative than raising private equity capital.

[PAUSE]

First Niagara plans to retain all customer-facing employees of Harleystville. Integration of back office staff will take place over time. We are making every effort to minimize the impact of this merger on employment, and we expect that some attrition will take place. Both banks have instituted a hiring freeze in order to minimize the impact of back-office job duplication.

Harleystville's wealth management businesses are also valuable assets that are doing a great job, and First Niagara has the capital and the resources to enable them to continue to grow and serve clients with even more distinction.

[PAUSE]

This acquisition represents a continuation of First Niagara's growth strategy. We offer them a tremendous opportunity to continue to stretch its franchise.

First Niagara has an objective to build a strong and profitable regional franchise that will be a leading player in the new reality of financial services. It is a company that is in this market for the long run.

[PAUSE}

At this time, we are going to open up the lines for questions. If you If you have any, I'd be happy to answer a few right now.

[Following Q&A session]

As you know, my door is always open. Please feel free to stop by or drop me an e-mail. I'm happy to help out by providing any answer I can.

Thank you.