

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☒ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan WILLOW FINANCIAL BANK 401(K) / ESOP 2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) FIRST NIAGARA FINANCIAL GROUP, INC. JULIE LAFOREST FIRST NIAGARA FINANCIAL GROUP, INC. 726 EXCHANGE STREET, SUITE 618 BUFFALO, NY 14210	1b Three-digit plan number (PN) ►	003	
	1c Effective date of plan	01/01/1993	
	2b Employer Identification Number (EIN)	23-1223014	
	2c Sponsor's telephone number	716-819-5351	
	2d Business code (see instructions)	522110	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/07/2011	JULIE LAFOREST
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") FIRST NIAGARA FINANCIAL GROUP, INC. JULIE LAFOREST FIRST NIAGARA FINANCIAL GROUP, INC. 726 EXCHANGE STREET, SUITE 618 BUFFALO, NY 14210	3b Administrator's EIN 23-1223014 3c Administrator's telephone number 716-819-5351
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 539
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).	
a Active participants.....	6a 324
b Retired or separated participants receiving benefits.....	6b 32
c Other retired or separated participants entitled to future benefits.....	6c 59
d Subtotal. Add lines 6a , 6b , and 6c	6d 415
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 1
f Total. Add lines 6d and 6e	6f 416
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g 335
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 2
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions: 2G 2J 2O	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<div>A Name of plan</div> <div>WILLOW FINANCIAL BANK 401(K) / ESOP</div>	<div>B Three-digit plan number (PN)</div> <div>▶</div> <div>003</div>
<div>C Plan sponsor's name as shown on line 2a of Form 5500</div> <div>FIRST NIAGARA FINANCIAL GROUP, INC.</div>	<div>D Employer Identification Number (EIN)</div> <div>23-1223014</div>

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE GWYNEDD COMPANY

1100 SUMNEYTOWN PIKE
LANSDALE, PA 19446

23-1974162

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
51		60835	Yes ☐ No ☒	Yes ☐ No ☒		Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan WILLOW FINANCIAL BANK 401(K) / ESOP	B Three-digit plan number (PN) ►	003
C Plan sponsor's name as shown on line 2a of Form 5500 FIRST NIAGARA FINANCIAL GROUP, INC.	D Employer Identification Number (EIN) 23-1223014	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	631923	
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	2932009	2151423
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	353738	151689
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	5739090	3961727
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	5044463	2031294
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	14701223	8296133

Liabilities

g Benefit claims payable	1g		424301
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		3938
k Total liabilities (add all amounts in lines 1g through 1j)	1k		428239

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	14701223	7867894
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)	880	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		880

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	14123	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	12925	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		27048

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	13211	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	176506	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		189717

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	-3194154	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		-3194154
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1029312
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		-1947197

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4825297	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		4825297
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	60835	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		60835
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		4886132

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-6833329
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BONADIO & CO., LLP

(2) EIN: 16-1131146

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☒ Yes ☐ No Amount: 0

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan WILLOW FINANCIAL BANK 401(K) / ESOP	B Three-digit plan number (PN) ▶ 003	
C Plan sponsor's name as shown on line 2a of Form 5500 FIRST NIAGARA FINANCIAL GROUP, INC.	D Employer Identification Number (EIN) 23-1223014	

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**WILLOW FINANCIAL BANK 401(K)/
EMPLOYEE STOCK OWNERSHIP PLAN**

**Financial Statements as of
December 31, 2009
Together with
Independent Auditors' Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator of
Willow Financial Bank 401(k)/Employee Stock Ownership Plan:

We have audited the accompanying statement of net assets in liquidation available for benefits of Willow Financial Bank 401(k)/Employee Stock Ownership Plan (the Plan) as of December 31, 2009, and the related statement of changes in net assets in liquidation available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of and for the year ended December 31, 2008 were audited by other auditors whose report dated March 5, 2010, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets in liquidation available for benefits of the Plan as of December 31, 2009, and the changes in net assets in liquidation available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplementary schedule is the responsibility of the Plan's management. The supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bonadio & Co., LLP

February 11, 2011
Williamsville, NY

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WILLOW FINANCIAL BANK 401(K)/EMPLOYEE STOCK OWNERSHIP PLAN

**STATEMENT OF NET ASSETS IN LIQUIDATION AVAILABLE FOR BENEFITS
DECEMBER 31, 2009**

ASSETS

Investments, at fair value:

Common stock	\$ 2,031,294
Mutual funds	3,961,727
Money market funds	1,727,546
Participant loans	<u>151,689</u>

NET ASSETS IN LIQUIDATION AVAILABLE FOR BENEFITS	<u>\$ 7,872,256</u>
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The accompanying notes are an integral part of these statements.

WILLOW FINANCIAL BANK 401(K)/EMPLOYEE STOCK OWNERSHIP PLAN

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2008**

ASSETS

Investments, at fair value:

Common stock	\$ 5,044,484
Mutual funds	5,739,091
Money market funds	2,955,485
Participant loans	<u>353,738</u>

Total investments 14,092,798

Receivables:

Employer contribution receivable	<u>631,923</u>
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Total assets 14,724,721

LIABILITIES

Other	<u>23,500</u>
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NET ASSETS AVAILABLE FOR BENEFITS \$ 14,701,221

The accompanying notes are an integral part of these statements.

WILLOW FINANCIAL BANK 401(K)/EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION AVAILABLE FOR BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2009

ADDITIONS

Rollover contributions	\$ 880
Interest and dividend income	<u>193,717</u>
Total additions	<u>194,597</u>

DEDUCTIONS

Net depreciation in fair value of investments including realized gains and losses on sales	2,137,430
Distributions to participants	4,825,297
Administrative expenses	<u>60,835</u>
Total deductions	<u>7,023,562</u>
Net decrease	(6,828,965)

NET ASSETS AVAILABLE FOR BENEFITS - beginning of year	<u>14,701,221</u>
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NET ASSETS IN LIQUIDATION AVAILABLE FOR BENEFITS - end of year	<u>\$ 7,872,256</u>
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The accompanying notes are an integral part of these statements.

WILLOW FINANCIAL BANK 401(K)/EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2008

ADDITIONS

Employer contributions	\$ 1,351,280
Employee contributions	1,364,746
Rollover contributions	593,354
Interest and dividend income	<u>547,141</u>
Total additions	<u>3,856,521</u>

DEDUCTIONS

Net depreciation in fair value of investments including realized gains and losses from sales	1,661,612
Distributions to participants	1,998,236
Administrative expenses	<u>10,100</u>

Total deductions	<u>3,669,948</u>
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Net increase	186,573
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NET ASSETS AVAILABLE FOR BENEFITS - beginning of year	<u>14,514,648</u>
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NET ASSETS AVAILABLE FOR BENEFITS - end of year	<u>\$ 14,701,221</u>
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The accompanying notes are an integral part of these statements.

WILLOW FINANCIAL BANK 401(K)/EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

1. DESCRIPTION OF THE PLAN

The following description of the Willow Financial Bank 401k/Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution profit sharing 401(k) and employee stock ownership plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is funded by employee and employer contributions and covers all eligible employees of Willow Financial Bank (the Company). It is intended to conform with the provisions of the ERISA and subsequent legislation, when applicable.

Effective after the market close on December 5, 2008, Willow Financial Bancorp, Inc., the holding company for the Company, was merged with and into Harleysville National Corporation (Harleysville). As a result of this merger, the Plan was terminated and no further employee or employer contributions will be made to the Plan, and each participant became 100% vested in his or her account.

On April 9, 2010, Harleysville was acquired by First Niagara Financial Group, Inc. (First Niagara). A favorable determination letter was received on June 25, 2010. Upon IRS approval of the termination of the Plan, the interest of each participant was distributed to such participant or his or her beneficiary in accordance with the terms of the Plan document and the Internal Revenue Code (IRC).

At December 31, 2009 and 2008, the assets of the Plan were maintained in investment funds offered by The Vanguard Group (Vanguard). The Gwynedd Company serves as the Plan's recordkeeper. Broker commissions associated with investment transactions and investment management fees are paid by the Plan. Administrative fees not paid by the Plan are paid by Harleysville.

Participation

Prior to the Plan's termination, employees were eligible to participate in the salary deferral and matching contribution portions of the Plan anytime on or after their date of hire once they had attained age 21. Employees were eligible to participate in the discretionary profit sharing and ESOP portions of the Plan once they had completed one year of service and attained age 21.

Contributions

Prior to the Plan's termination, employees who were eligible to participate in the Plan could elect to contribute up to 100% of their annual compensation, as defined in the Plan, subject to certain limitations. Employees who were age 50 or older by the end of the calendar year were allowed to make an additional "catch-up" contribution. This contribution was limited to \$5,500 in 2009 and 2008. The "catch-up" contribution is not subject to the employer matching contribution.

Prior to the Plan's termination, the Company made matching contributions equal to the sum of 100% of an employees' salary deferrals that were not in excess of 4% of their compensation, plus 50% of the amount of an employees' salary deferrals in excess of 4% of compensation but not in excess of 6% of compensation.

1. DESCRIPTION OF THE PLAN (Continued)

Contributions (continued)

The Plan also provided for a non-elective employer contribution, which was determined as a percentage of an eligible participant's salary. The exact percentage contributed was determined by the employer. No non-elective company contributions were made to the Plan for 2009. For 2008, 61,459 shares of Willow were declared as the non-elective company contribution, and was made in January 2009 in the form of 43,762 shares of Harleysville common stock.

In addition, the Company may elect to contribute a discretionary amount to the Plan through a resolution of the Board of Directors. No discretionary contributions were made for the plan years ended December 31, 2009 or 2008.

Participant Accounts

Each participant's account was credited with the participant's contribution and an allocation of (a) the Company's contributions, (b) Plan earnings and losses, and (c) administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Upon termination of the Plan as described above, each participant became 100% vested in his or her account.

Participant Loans

Prior to the Plan's termination, participants were allowed to have two loans in any 12 month period and could borrow from their accounts a minimum of \$1,000 per loan up to a maximum amount, which is the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from 1 to 5 years, or up to 15 years for the purchase of a principal residence. The loans were collateralized by the participant's account and bear interest at the rates available for comparable loans from commercial lending institutions. Principal and interest was paid ratably through payroll deductions.

Payment of Benefits

Employees are eligible for retirement benefits upon reaching age 65. Upon termination of service due to death, disability, or retirement, a participant or their beneficiary may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or distributions based on various annuity options or fixed income payments. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Forfeited Accounts

If a participant permanently terminates his or her employment for reasons other than death, total disability, or retirement and is not fully vested in his or her balance, then he or she forfeits the nonvested balance in his or her account. All sums forfeited were used to reduce the Company's future matching contribution. No forfeited amounts were used to reduce employer contributions for the year ended December 31, 2009. Forfeited amounts used to reduce employer contributions for the year ended December 31, 2008 were \$41,774. At December 31, 2009 and 2008, forfeited nonvested accounts totaled \$25,169.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States. As a result of the Plan's termination as described in Note 1, the Plan changed its basis of accounting from the ongoing plan basis to the liquidation basis for periods after December 31, 2008.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan's assets include various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to the value of such investments, changes in the values of investments will occur and such changes could materially affect the amounts reported in the accompanying financial statements.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, see Note 3 for a discussion of fair value measurements.

Purchases and sales of investments are reflected on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes Plan's gains and losses on investments bought and sold as well as held during the year.

Administrative Expenses

All administrative costs associated with the operation of the Plan and of recordkeeping are paid by the Company in accordance with the terms of the Plan.

Payment of Benefits

Benefit payments to participants are recorded when paid.

Income Taxes

The Internal Revenue Service has determined, and informed the Company by a letter dated June 25, 2010, that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC).

The Plan files the Annual Return/Report of Employee Benefit Plan (Form 5500) in the U.S. federal jurisdiction. The Plan is no longer subject to U.S. federal tax examinations for years before 2006.

3. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Current accounting guidance establishes a fair value hierarchy based on the transparency of inputs participants use to price an asset or liability. The fair value hierarchy prioritizes these inputs into the following three levels:

Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

Level 2 Inputs - Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.), or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs - Unobservable inputs for determining the fair value of the asset or liability and are based on the entity's own assumptions about the assumptions that market participants would use to price the asset or liability

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Our valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While we believe our valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at each measurement date.

The fair value of the mutual funds, Harleysville common stock, and money market funds are estimated using unadjusted quoted prices for identical assets in active markets. Participant loans are valued at their outstanding balances, an unobservable input, which approximates fair value.

3. FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes the Plan's assets measured at fair value on a recurring basis at December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Mutual funds:</u>				
Blend funds	\$ 1,003,900	\$ -	\$ -	\$ 1,003,900
Allocation funds	701,480	-	-	701,480
Growth funds	667,795	-	-	667,795
Value funds	475,751	-	-	475,751
International funds	360,784	-	-	360,784
Bond funds	231,462	-	-	231,462
Target Retirement funds	222,074	-	-	222,074
Short Term Federal Admin fund	151,663	-	-	151,663
REIT Index fund Signal	<u>146,818</u>	<u>-</u>	<u>-</u>	<u>146,818</u>
Total Mutual funds	3,961,727	-	-	3,961,727
Money market funds	1,727,546	-	-	1,727,546
Harleysville common stock	2,031,294	-	-	2,031,294
Participant loans	<u>-</u>	<u>-</u>	<u>151,689</u>	<u>151,689</u>
	<u>\$ 7,720,567</u>	<u>\$ -</u>	<u>\$ 151,689</u>	<u>\$ 7,872,256</u>

The following table summarizes the Plan's assets measured at fair value on a recurring basis at December 31, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 5,739,091	\$ -	\$ -	\$ 5,739,091
Harleysville common stock	5,044,484	-	-	5,044,484
Money market funds	2,955,485	-	-	2,955,485
Participant loans	<u>-</u>	<u>-</u>	<u>353,738</u>	<u>353,738</u>
	<u>\$ 13,739,060</u>	<u>\$ -</u>	<u>\$ 353,738</u>	<u>\$ 14,092,798</u>

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets, participant loans, for the year ended December 31, 2009 and 2008.

	<u>Participant Loans</u>
Balance - January 1, 2008	\$ 334,262
Purchases, sales, issuances and settlements (net)	<u>19,476</u>
Balance - December 31, 2008	353,738
Interest and dividend income	12,923
Purchases, sales, issuances and settlements (net)	<u>(214,972)</u>
Balance - December 31, 2009	<u>\$ 151,689</u>

4. INVESTMENTS

At December 31, 2009 and 2008, the fair value of investments that represent 5% or more of the Plan's net assets were as follows:

	<u>2009</u>	<u>2008</u>
Harleysville common stock	\$ 2,031,294	\$ 5,044,484
Vanguard Admiral Treasury money market	1,422,828	2,489,788
Vanguard 500 Index fund	569,277	862,537
Vanguard Wellington fund	490,488	793,020
Vanguard Windsor II	471,264	827,938
Vanguard Mid-Cap Index fund	429,474	572,368

Net appreciation (depreciation) in fair value of investments, including realized gains and losses on sales, for the year ended December 31, 2009 and 2008, is as follows:

	<u>2009</u>	<u>2008</u>
Mutual funds	\$ 1,052,362	\$ (2,699,373)
Harleysville common stock	<u>(3,189,792)</u>	<u>1,037,761</u>
	<u>\$ (2,137,430)</u>	<u>\$ (1,661,612)</u>

5. NONPARTICIPANT-DIRECTED INVESTMENTS

Nonparticipant-directed investments consist of shares of Harleysville common stock contributed to participant accounts under the non-elective employer contribution. Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

	<u>2009</u>	<u>2008</u>
Net assets:		
Harleysville common stock	<u>\$ 1,090,096</u>	<u>\$ 3,322,126</u>
	<u>2009</u>	<u>2008</u>
Changes in net assets:		
Contributions	\$ -	\$ 631,923
Net (depreciation) appreciation	(1,845,198)	535,220
Benefits paid to participants	(386,832)	(277,019)
Forfeitures	-	(32,948)
Transfer from participant-directed investments	<u>-</u>	<u>16,982</u>
	<u>\$ (2,232,030)</u>	<u>\$ 874,158</u>

6. PARTY IN INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by the custodian of the Plan and shares of stock of the Plan sponsor. In addition, the Plan issues loans to participants, which are secured by the balances in the participants' accounts. Therefore, these transactions qualify as party in interest transactions. Investment gains (losses) on assets managed by Vanguard amounted to \$1,052,362 and \$(2,699,373) for the years ended December 31, 2009 and 2008, respectively.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 11, 2011, which is the date the financial statements were available to be issued.

WILLOW FINANCIAL BANK 401(K)/EMPLOYEE STOCK OWNERSHIP PLAN

Schedule I

SCHEDULE H - LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2009

Identity of Issuer	Description of Investment	Shares/units	Cost	Fair Value
<u>Money Market Funds:</u>				
* The Vanguard Funds	Vanguard Prime Money Market Fund	19,995.200	(1)	\$ 304,718
* The Vanguard Funds	Vanguard Admiral Treasury Money Market Fund	1,422,827.760	(1)	1,422,828
				<u>1,727,546</u>
<u>Mutual Funds:</u>				
* The Vanguard Funds	Vanguard 500 Index Fund - Signal Shares	6,712.379	(1)	569,277
* The Vanguard Funds	Vanguard Wellington Fund - Admiral Shares	9,845.205	(1)	490,488
* The Vanguard Funds	Vanguard Windsor II - Admiral Shares	11,212.569	(1)	471,264
* The Vanguard Funds	Vanguard Mid-Cap Index Fund - Signal Shares	18,330.085	(1)	429,474
* The Vanguard Funds	Vanguard Explorer - Admiral Shares	6,572.026	(1)	350,289
* The Vanguard Funds	Vanguard European Stock Index Fund - Signal Shares	14,362.043	(1)	338,226
* The Vanguard Funds	Vanguard Growth Index - Signal Shares	12,377.303	(1)	313,146
* The Vanguard Funds	Vanguard Wellesley Income Fund - Admiral Shares	4,276.276	(1)	210,992
* The Vanguard Funds	Vanguard Retirement 2020 Fund	10,552.980	(1)	210,638
* The Vanguard Funds	Vanguard Long-Term Investment Grade Fund - Admiral Shares	21,476.728	(1)	191,572
* The Vanguard Funds	Vanguard Short-Term Federal Fund - Admiral Shares	14,134.522	(1)	151,663
* The Vanguard Funds	Vanguard REIT Index Fund - Signal Shares	8,682.329	(1)	146,818
* The Vanguard Funds	Vanguard Intermediate-Term Bond Index Fund	3,721.080	(1)	39,890
* The Vanguard Funds	Vanguard Global Equity Fund	1,439.579	(1)	22,558
* The Vanguard Funds	Vanguard Retirement 2030 Fund	374.528	(1)	7,232
* The Vanguard Funds	Vanguard Small-Cap Index Fund	187.317	(1)	5,149
* The Vanguard Funds	Vanguard Small-Cap Value Index Fund	343.540	(1)	4,487
* The Vanguard Funds	Vanguard Morgan Growth Fund	183.551	(1)	2,803
* The Vanguard Funds	Vanguard Retirement 2010 Fund	132.945	(1)	2,728
* The Vanguard Funds	Vanguard Small-Cap Growth Index Fund	92.518	(1)	1,557
* The Vanguard Funds	Vanguard Retirement 2040 Fund	65.873	(1)	1,255
* The Vanguard Funds	Vanguard Retirement 2050 Fund	11.550	(1)	221
				<u>3,961,727</u>

The accompanying notes are an integral part of this schedule.

WILLOW FINANCIAL BANK 401(K)/EMPLOYEE STOCK OWNERSHIP PLAN

Schedule I (Cont.)

**SCHEDULE H - LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2009**

Identity of Issuer	Description of Investment	Shares/units	Cost	Fair Value
* Harleysville National Corporation	Common Stock	315,909	\$2,297,838 (2)	2,031,294
* Participant loans	Loans (interest rates range from 5.0% to 10.3%)			<u>151,689</u>
				<u>\$ 7,872,256</u>

* Denotes party-in-interest

(1) Historical cost has not been presented as these investments are participant-directed.

(2) Represents cost for nonparticipant-directed investments with value of \$1,090,096 at December 31, 2009.

The accompanying notes are an integral part of this schedule.

2009 Schedule H, line 4i—Schedule of Assets (Held At End of Year)

[illegible]