FEATURED INVESTOR: BlueCross BlueShield of Western New York

Since 1936, BlueCross BlueShield of Western New York has proudly called Buffalo home, providing millions of people with affordable access to care as the region's leading health benefits plan. Moving forward, our vision is to be an industry leader connecting people to high quality, low cost options that promote better health and well-being.

In the last two years we have:

- Invested in advanced technologies, leveraging data to improve health by identifying and addressing trends
- Strengthened partnerships with health care providers to better support quality and delivery
- Added key positions to improve operational efficiencies and project governance, delivering increased value to groups and individuals
- Implemented a customer-centric business model, enabling a more responsive approach to product and service development

In 2006, BlueCross BlueShield and developer Duke Realty Inc. made a $100 million investment in downtown Buffalo, building our new, LEED® certified headquarters on a revitalized brownfield. When the 469,000 square foot headquarters opened it was the largest single-tenant commercial development in downtown Buffalo in decades. We know it's easier to attract new companies to the region when we expand our own, and that influenced our decision to build the new headquarters in downtown Buffalo. This kind of support from corporate leadership is imperative to our region's success, as is the support of organizations like the Buffalo Niagara Enterprise.

Our commitment to the community is further demonstrated as one of its leading corporate donors, providing financial support and other resources to not-for-profit organizations working in health care, education, social services, community and economic development and arts and culture.

BUFFALO NIAGARA ENTERPRISE
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Buffalo, NY 14203
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BUFFALO NIAGARA ENTERPRISE

Contributions

Businesses investing in Buffalo Niagara's future

Spring 2010

BUFFALO NIAGARA ENTERPRISE

Chairman's Welcome

Welcome to the first edition of ***"Contributions,"*** Buffalo Niagara Enterprise's new newsletter aimed at communicating important economic development information to BNE investors, public and private economic development organizations, community leaders and influencers of decision making in the Buffalo Niagara region. As the name implies, this newsletter will highlight the value that BNE brings to the process of growing and revitalizing our regional economy. It will also add to our already high level of transparency by showing investors in greater detail the impact of their participation.

Besides keeping its audience informed of BNE initiatives and activities, ***"Contributions"*** will keep readers up to date on BNE projects, tendencies in various targeted industry clusters, trends in the economy and where and when BNE staff are carrying the message of why companies should invest in our community. The new newsletter format will also feature a different BNE investor each month, their products and services and why they invest in BNE.

On behalf of our President & CEO Tom Kucharski and our entire staff, we hope you enjoy this first edition of ***"Contributions"*** and find future editions informative. If you have any questions or comments on anything inside, or have suggestions on content for future editions of ***"Contributions,"*** please do not hesitate to contact BNE staff at info@buffaloniagara.org or by calling 1(800) 916-9073. Thank you for your support of, and participation in, Buffalo Niagara Enterprise.

David Smith
BNE Chairman

FEATURED BNE INVESTOR:

BlueCross BlueShield of Western New York

A Division of HealthNow New York Inc. An Independent Licensee of the BlueCross BlueShield Association

Project Profile:

Kemper System Production, Inc.
1200 North America Drive
West Seneca, NY 14224
www.kemper-system.com

The Project Description:

Kemper System, a German-based manufacturer of Kemperol, a liquid resin based waterproofing and surfacing system, sought to establish a North American-based production headquarters to increase its competitiveness in the U.S. market. Location, specifically market access, was crucial in their site location decision as Kemper desired to significantly shorten the 8-week lead time to ship product from Europe to the United States.

The Project Need:

Kemper required a move-in ready site and a competitive incentive package as compared to Florida and North Carolina, two states that were also in consideration for the project. Furthermore, the company requested detailed labor statistics to familiarize itself with the availability and cost of labor in Buffalo Niagara.

The Project Solution:

Buffalo Niagara Enterprise (BNE) worked closely with Kemper System to detail Buffalo Niagara's bi-national market access and ensure the company had an accurate picture of labor wages and availability. In addition, BNE facilitated discussions between Kemper and the NYS Department of Labor, which proved extremely valuable in Kemper's hiring process. Working with a local realtor, Kemper found an appropriate site for its project; a 45,000 square foot vacant plant on North America Drive in West Seneca. Kemper will create 12 new jobs and invest over $3.3 million as it begins production.

"Buffalo was among the mix of potential locations for Kemper. Initially, I pushed for Western New York because of its geographic location, labor costs and work force. Now that we're up and running, I realize the decision we made to build here was truly our best possible option. The location is beneficial for Kemper on so many levels. From here, we'll meet our goals in both product development and marketplace expansion."

- Richard Doornink, President

President's Message

As BNE entered the 2009-2010 fiscal year activity level was at an all time high and our entire staff was expecting good things. We believed our optimism for the year ahead was well founded because this activity level existed in spite of these extremely unpredictable economic development times.

Today, with four months remaining in our fiscal year, Business Development and Research staffs are managing a portfolio of 258 opportunities, 190 active leads and 43 current open projects. Eleven companies have participated in sixty-three site visits already this year. Slightly more than half way through our fiscal year, we are reporting six project wins that have pledged to create 498 new jobs and retain 1,500 existing jobs. These wins represent $7.3 million of investment in the region and traverse our targeted industry clusters.

Tom Kucharski, Shilpam Pandey (Business Development Consultant) and David Griggs (Director of Business Development)

Economic development professionals look at our state, national and global economies and ask "how can we succeed in this environment?" With 47 out of the 50 states facing a severe budget crisis, the challenges are indeed very real and at first glance could seem insurmountable.

The answer however comes down to the sound execution of fundamentals. That is why we continue to succeed. Economic development is more than just financial incentives and access to capital. It includes having a highly skilled, affordable and productive workforce with intellectual capital provided by world class universities and research institutions. It consists of a strong infrastructure network and proximity to major markets in the United States and Canada. It is bolstered by a quality and dependable supply chain to support business expansion and lower costs. And finally, it is made possible by strong, professional project management in collaboration with great public and private partners.

The recessionary challenges that make our job harder make it even more vital. When business cycles return to normal and companies begin investing again, the work we do now will better position Buffalo Niagara as a primary destination for a diverse collection of companies who can help to grow our economy and provide opportunities for our residents. Our activity level proves the long held belief that from chaos comes opportunity.

Thomas A. Kucharski
President & CEO

Business Development Update

Pipeline Recap

The BNE pipeline of leads and projects has remained relatively strong despite the continued economic slowdown.

190 Active Leads:

Our efforts in Canada continue to provide a steady stream of opportunity as Canadian leads and projects constitute over 40% of our total activity. We expect this trend to continue into the new year as favorable conditions for foreign investment in Buffalo Niagara remain in tact. These conditions include a volatile exchange rate, increased border scrutiny and our proximity to the Canadian parent company.

Chinese leads are starting to trickle in as a result of recent outreach to China. While not as robust as Canadian leads, Chinese leads are a welcome diversification of what has been a mainly North American and European emphasis.

43 Open Projects:

Of the 43 projects we are working all but two fall into one of our targeted industry clusters. The majority are in green industries while back office and advanced manufacturing are also showing active sectors. We anticipate this trend to continue as the bulk of our pro-active efforts will focus on these three active industry targets.

With regard to timing and lead flow, the 2009 holiday season saw lead development slow from early December through the New Year. This trend immediately changed with the first full week of 2010. Twelve new leads or projects were generated in the first month of 2010, a welcome change from the holiday slowdown. With spring approaching and an aggressive travel schedule on the horizon, new lead generation should see a significant increase in the fourth quarter.

Travel & Events

Date	Event	Location
3/22 – 3/26	German American Chamber Conference	Berlin, Germany
4/13	Shooting for Success	Oakville, Ontario
4/21	Barrie HRPA	Barrie, Ontario
4/24 - 4/28	IAMC Spring Professional Forum '10	Colorado Springs, CO
5/3 – 5/6	BIO 2010	Chicago, Illinois
5/25 – 5/27	Wind Power 2010	Dallas, Texas
6/8 – 6/11	Intersolar	Munich, Germany

Marketing Update

Where Industry Creates Energy

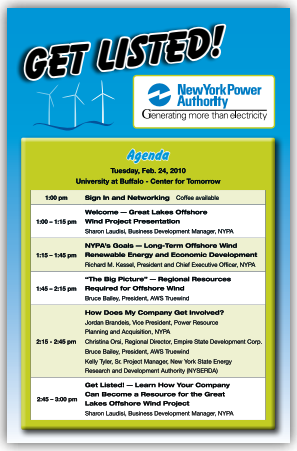
January 2010, Buffalo Niagara Enterprise officially released ***"Where Industry Creates Energy,"*** a study outlining advantages of the Buffalo Niagara region in renewable energy industries.

The study, sponsored by National Grid, was released by BNE at ***"Economic Development Tools for a New Economy,"*** an event that highlighted several initiatives BNE is taking to strengthen our regional toolkit.

Over 1,000 site selectors and companies receiving federal tax credits received the study and associated industry promotional materials.

Get Listed!

Buffalo Niagara Enterprise assisted The New York Power Authority (NYPA) with the coordination of ***Get Listed!*** on February 24, 2010. The event was aimed at educating New York State Businesses about NYPA's request for proposals from developers for a Great Lakes Offshore Wind Project.



Event planning, graphic design and advertising services were provided to NYPA by BNE.

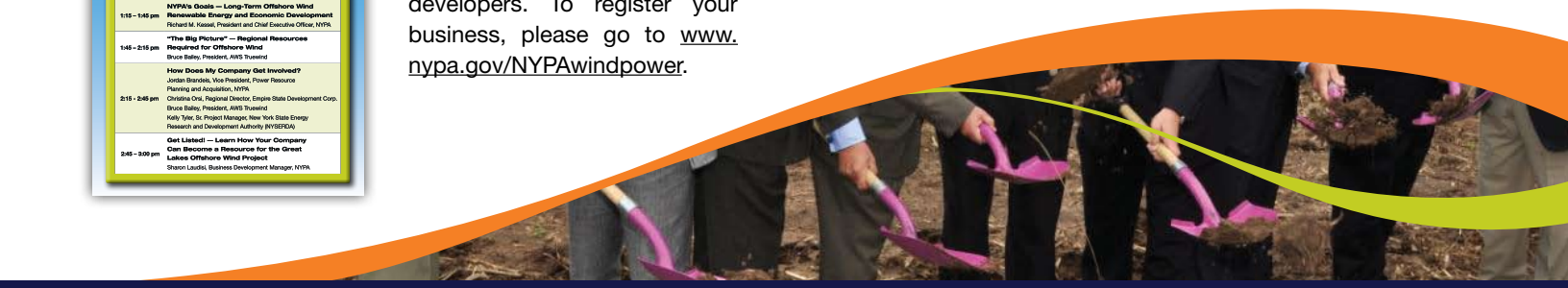
Nearly 200 participants attended the event and over 100 New York State companies registered as a business resource for developers. To register your business, please go to www.nypa.gov/NYPAwindpower.

Research Update

Buffalo Niagara's unemployment rate for December 2009 is 8.5%, which is 1.5% lower than the national average. This puts Buffalo Niagara in the 56th percentile nationally, and among competitive regions, Buffalo Niagara has the 14th lowest unemployment rate when compared to 37 peer regions.

Unemployment Rates

December 2009

Rank Among Benchmarks	Metro Area	Unemployment Rate
1	Omaha-Council Bluffs, NE-IA	5.0%
2	Austin-Round Rock, TX	6.9%
3	Minneapolis-St. Paul-Bloomington, MN-WI	7.2%
4	Denver-Aurora, CO	7.5%
5	Baltimore-Towson, MD	7.6%
6	Pittsburgh, PA	7.8%
6	Richmond, VA	7.8%
8	Albuquerque, NM	7.9%
9	Dallas-Fort Worth-Arlington, TX	8.0%
9	Rochester, NY	8.0%
11	Syracuse, NY	8.2%
11	Phoenix-Mesa-Scottsdale, AZ	8.2%
11	Boston-Cambridge-Quincy, MA-NH	8.2%
14	***Buffalo-Niagara Falls, NY***	***8.5%***
14	Indianapolis-Carmel, IN	8.5%
16	Kansas City, MO-KS	8.6%
16	Hartford-West Hartford-East Hartford, CT	8.6%
18	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	8.7%
18	Raleigh-Cary, NC	8.7%
20	Cleveland-Elyria-Mentor, OH	8.9%
21	Seattle-Tacoma-Bellevue, WA	9.1%
22	New York-Northern New Jersey-Long Island, NY-NJ-PA	9.2%
23	St. Louis, MO-IL	9.8%
24	Cincinnati-Middletown, OH-KY-IN	9.9%
	United States Average	***10.0%***

Source: US Department of Labor - Bureau of Labor Statistics
Website: http://www.bls.gov/news.release/metro.t01.htm