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**FOR IMMEDIATE RELEASE**

**NIAGARA CORPORATION RESPONDS TO OBUS RELEASE**

New York, January 27, 2005— Niagara Corporation (OTC: NGCD.PK) today responded to the press release issued yesterday by Nelson Obus of The Wynnefield Group, a hedge fund firm that operates from New York and the Cayman Islands.

Michael Scharf, Chairman, President and CEO of Niagara, stated:

“Once again, Mr. Obus has acted irresponsibly. His press release and related letter are replete with false and inaccurate statements. Obus has a history of opposing the Company’s decision to deregister its common stock, which took effect last summer. He has engaged in various schemes and maneuvers in an attempt to thwart the deregistration, including three separate purported transfers of small numbers of Niagara shares (10 shares, 90 shares and 1 share respectively) to more than 300 persons, some of whom were unaware that Niagara stock had been transferred into their names.

The reverse and forward stock splits that were effected at the end of last year were designed to ensure that the Company maintained its deregistered status so that Niagara and its stockholders would continue to realize the significant cost savings and other benefits associated with being a deregistered company. These cost savings are meaningful in the context of Niagara’s historical financial results.

Stockholders should know that the Company does not intend to re-register and is not required to do so. Since the deregistration became effective last summer, Niagara has continued to issue earnings and other press releases as well as quarterly reports, and its stock has been actively traded on the Pink Sheets. Niagara will soon be releasing year-end earnings results for 2004, and the Company’s Annual Report will be both posted on our website ([www.niag.com](http://www.niag.com)) and mailed to all stockholders.”



**This release contains certain “forward-looking statements” made pursuant to the “safe-harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, that may cause the Company’s actual results and estimates of cost savings to be materially different from those expressed or implied by such statements. Such risks, uncertainties and other factors include those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2003. The forward-looking statements made herein are only made as of the date of this release, and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.**

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