



## **First Niagara Survey Finds Buffalo Niagara Business Leaders See Better Outcomes Ahead in 2012 for Their Private Companies**

*Local Executives' Expectations for Revenues, Profits, New Hires Exceed Others Upstate*

BUFFALO, N.Y. – January 31, 2012 – Leaders of Buffalo Niagara private businesses have higher expectations in 2012 for revenues, profits and new worker hires than their counterparts in Rochester, Syracuse and Albany, according to results from First Niagara's Annual Survey of Upstate New York Business Leaders released today.

In addition, these business leaders have a slightly more optimistic viewpoint when it comes to forecasting business conditions in New York State for 2012.

Exactly one-third or 33% of Buffalo Niagara area business leaders say they expect business conditions for New York State to improve in 2012, up from 31% last year and from 25% going into 2009. Another 40% expect conditions to remain about the same in 2012, and 27%, down from 37% last year and 46% two years ago, say business conditions will worsen.

Responses from 636 leaders of private businesses in the four major Upstate markets of Buffalo, Albany, Rochester and Syracuse were used in First Niagara's fifth annual survey, conducted by Siena College Research Institute during the last two months of 2011 and the first week of 2012. There were responses from 199 business leaders in the Buffalo Niagara area.

Responding to the survey were chief executive officers, chief financial officers and other senior managers of private businesses with \$5 million to \$150 million in annual sales in the service, manufacturing, engineering and construction, retail, wholesale and distribution, financial and food and beverage industries.

Each year the First Niagara survey uses an overall Confidence Index as a measure of business leaders' current assessment of and future expectations for economic conditions regarding the state economy and their specific industries. The index is based on a scale of zero to 200 with zero being the most pessimistic and 200 being the most optimistic. An index of 100 would have an equal percentage of negative and positive responses.

The survey report provides three confidence indices for the current assessment, future expectations and overall as a combination of the two. This year, Buffalo Niagara business leaders registered an overall Confidence Index of 94.8, up 1.4 points from last year, up 12.4 points from two years ago and up 54.8 points from 2008.

The Buffalo Niagara area also registered a 100.5 for the “future” Confidence Index, its highest over the past five years. This represents an increase of 4.5 points over last year, 13.1 points in 2009 and 54.0 points over the 2008 survey.

“Leaders of Buffalo Niagara area businesses are showing rays of optimism in an uneven economic period and they continue to demonstrate an acute realism in projecting their future revenues, profits and company investments in this post-recession world,” said Buford Sears, Western New York Market Executive for First Niagara Bank, a wholly owned subsidiary of First Niagara Financial Group (Nasdaq:FNFG).

“As a long-time community player, First Niagara considers this annual survey to be a valuable instrument in better defining and then assisting business leaders in addressing the challenges they face in the coming year,” Sears said.

Other key survey results for the Buffalo Niagara area include:

- More than a quarter, 27%, of Buffalo Niagara company leaders say they expect in 2012 to increase their current labor force, the highest percentage among the four Upstate metro areas. Another 62% say it will remain the same and 12% say they will decrease their work force.
- More than half (55%) of local business leaders say they plan to invest in fixed asset acquisitions over the next year – the highest percentage among the four Upstate metro areas-- to meet growing demand, reduce costs or enhance profitability. Of those that intend to invest in fixed assets, 63% plan to use internally generated funds while 30% intend to finance with the assistance of a financial institution.
- Almost half, 47%, of Buffalo Niagara business leaders predict increasing revenues in 2012, the highest percentage among the four Upstate metro areas. Another 34%

think they will stay the same and 19%, down from 20% last year, say they will decrease.

- 36% of Buffalo Niagara business leaders, the highest percentage among the four Upstate metro areas, expect profits to increase in 2012 while another 35% predict they will stay the same and 30%, down from 31% last year, expect a decrease.
- 24% of Buffalo Niagara area business leaders say current business conditions in New York State were a little better at the end of 2011 compared to six months earlier, same as last year's responses. Another 43%, up from 42% last year, say conditions were about the same and 34%, same as last year, say they were a little or considerably worse.
- 32%, up from 30% last year, of area business leaders say they expect business in their own industries to be a little better or considerably better in 2012, compared to 33%, down from 38% last year, who say it will be the same and 36%, up from 33% last year, who say it will be a little or considerably worse.
- Market growth/demand at 43% was cited as the foremost strategy business leaders will employ to enhance profits, followed by cost reduction (37%), price increase (9%) and new technology (8%).
- Overall, the number one challenge concerning Upstate New York business leaders is adverse economic conditions (27%) followed by governmental regulation (22%), healthcare costs (11%) and taxation (10%).

Results from the fifth annual First Niagara Survey of Upstate New York Business Leaders are available at <https://www.fnfg.com/CEOSurvey>

## **METHODOLOGY**

A quantitative 26-question survey was conducted during the last two months of 2011 and first week of 2012 for First Niagara by the Siena College Research Institute (SRI) in which 636 business leaders responded either by mail, on the SRI Web site, or through a personal interview.

Business leaders included chief executive officers, chief financial officers and other senior managers of private businesses with \$5 million to \$150 million in annual sales in the service, manufacturing, engineering and construction, retail, wholesale and distribution, financial and food and beverage industries. These business leaders represented four Upstate Metropolitan Statistical Areas (MSAs): Albany (30% of respondents), Rochester (19%), Syracuse (18%) and Buffalo (31%).

### **ABOUT FIRST NIAGARA**

First Niagara, through its wholly owned subsidiary, First Niagara Bank, N.A., is a multi-state community-oriented bank that currently has approximately \$33 billion in assets, \$19 billion in deposits, more than 330 branches and 5,000 employees providing financial services to individuals, families and businesses across Upstate New York, Pennsylvania, Connecticut and Massachusetts. For more information, visit [www.fnfg.com](http://www.fnfg.com).

When First Niagara completes its acquisition of the HSBC branches, expected to occur in the second quarter of 2012, the regional bank will have an enhanced leadership position in the Northeast, with more than 400 locations, \$30 billion in total deposits, \$38 billion in assets and more than 6,000 employees serving consumers, businesses and communities across New York, Pennsylvania, Connecticut and Massachusetts. The transaction will also provide First Niagara with number-one retail market share across Upstate New York, virtually doubling its number of branches in New York State to more than 200, stretching from Buffalo to Albany and down through the Hudson Valley.

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