



First Niagara's Southwestern NE Survey Shows More Business Leaders Are Positive About 2012 Economic Outlook

Executives Plan to Increase Workforce Size, Expect Higher Revenues and Profits

NEW HAVEN, CT – February 14, 2012 – First Niagara's first Annual Survey of Southwestern New England Business Leaders released today shows more leaders are positive than negative about their local state economies based on the assessment of current economic conditions and their expectations for 2012.

A strong plurality of these private business executives are also saying that they expect to increase their workforce sizes, and nearly half expect increasing revenues while almost 4 in 10 expect profitability to increase in 2012.

By at least a three-to-one ratio, private business leaders in Southwestern New England plan to increase (28%) their workforces in 2012 compared to 9% who expect to decrease. Another 63% expect their workforce sizes to stay the same.

“These business leaders are telling us that Southwestern New England is open for business,” said David Ring, New England regional president for First Niagara Financial Group Inc. (Nasdaq: FNFG), the parent company of First Niagara Bank. “Many are focused on growing their businesses in a financially realistic way by increasing their workforces and investing in fixed asset acquisitions.”

First Niagara joined the Southwestern New England market last year via its merger with NewAlliance Bancshares, Inc., and will add to its presence here later this year with the expected completion of its acquisition of HSBC branches.

The First Niagara Survey of Southwestern New England Business Leaders, patterned after ones conducted by the Siena College Research Institute (SRI) for First Niagara the past five years in Upstate New York and for the past three years in Pennsylvania, features responses from 324 chief executive officers, chief financial officers and other senior managers of private businesses in six Connecticut and two Massachusetts counties currently served by First Niagara.

Responding were business leaders from the Connecticut counties of Fairfield, Hartford, Middlesex, New Haven, Tolland and Windham; and the Massachusetts counties of Hampden and Worcester. Responses were reported in the aggregate and then segmented according to Fairfield County, CT (64 responses), Central Connecticut (157) and Massachusetts (99).

These are leaders of businesses with between \$5 million and \$200 million in annual sales and in industries represented by service, manufacturing, engineering and construction, retail, wholesale and distribution, financial and food and beverage sectors.

For their individual businesses, almost half of these executives (49%) expect revenues to grow in 2012 compared to 15% who expect a decline and 35% who say it will be the same. In Fairfield County, CT alone, the percentage expecting revenues to grow reaches 58%.

For business leaders looking at potential profits in the coming year, 39% expect profits to grow, 37% say they will stay the same, and 24% expect a decline.

More than one-half, 53%, of business leaders, say they have plans to acquire fixed assets – such as equipment, buildings and property – in 2012, compared to 37% who will not and 10% who are not sure. Of that group looking to acquire, 67% say they will use internally generated funds to finance the acquisitions and 23% will borrow from a financial institution.

Regarding expectations for the economy in their state for 2012, 41% of the business leaders say it will be a little or considerably better, compared to 24% who say a little or considerably worse. Another 35% of business leaders say they expect it to be the same.

As a barometer of business leader confidence, 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. Southwestern New England business

leaders this year topped the 100 mark in two indices representing more optimistic than pessimistic responses and just missed the 100 mark on the third.

The overall Confidence Index is 107.3 with the current index component at 99.7 but the future index component measuring economic expectations is at 114.8. In respect to other First Niagara surveys recently released, Southwestern New England business leaders were more confident about current and future business conditions than their counterparts in Upstate New York but less confident than those business leaders in Pennsylvania.

Other key findings for First Niagara's First Annual Survey of Southwestern New England Business Leaders are:

- 39% of business leaders say they expect business for their own industry in their state to be a little better or considerably better in 2012, compared to 33% saying it will be about the same, and 27% saying it will be a little worse or considerably worse.
- About one-third (32%) of business leaders say current business conditions in Southwestern New England overall were a little better or considerably better in late 2011 and early 2012 as compared to six months earlier. Those who say it was the same registered 40% and 29% say they were worse.
- Regarding current economic conditions for their own industries in their state compared to six months earlier, 34% of business leaders say they were about the same, another 32% say a little better or considerably better, and 35% say a little worse or considerably worse.
- To enhance profits in 2012, business leaders tabbed market demand/growth (41%) as their top strategy, followed by cost reduction (31%), new technology (12%) and price increases (10%).
- Overall, the two top challenges concerning Southwestern New England business leaders are governmental regulation (23%) and adverse economic conditions (19%), followed by existing U.S. competition (11%), and health care costs (8%).

Results from the first annual First Niagara Survey of Southwestern New England 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 month of 2012 by the Siena College Research Institute (SRI) where 324 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 \$200 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 the major areas of: Fairfield County, CT (64 respondents), Central Connecticut (157 respondents) and South Central Massachusetts (99 respondents). Four respondents did not provide locations.

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.

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 nearly 430 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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