



## **First Niagara Survey Finds Syracuse Area Business Leaders Realistically Addressing Many Economic Challenges in 2012**

*Local Executives Cautious on Expectations for Revenues, Profits, New Hires in New Year*

SYRACUSE, N.Y. – January 31, 2012 – Leaders of Syracuse area businesses will be addressing many economic challenges in the year ahead based on their outlook for 2012 business conditions and their expectations for revenues, profits, workforce size and the probability of acquiring fixed assets, according to results from First Niagara’s Annual Survey of Upstate New York Business Leaders released today.

The fifth annual survey conducted by Siena College Research Institute features responses from 636 chief executive officers, chief financial officers and other senior managers of private businesses in Buffalo, Albany, Rochester and Syracuse 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. Responses came from 117 business leaders in the Syracuse area.

According to this year’s survey, 34% of Syracuse area business leaders say they expect business conditions for New York State economy to improve in 2012, down from 39% last year. Another 36% expect conditions to remain about the same in 2012, and 30%, down from 35% last year, say business conditions will worsen.

“Leaders of Syracuse area businesses are looking for more economic stability in the coming year as they cautiously plan for future revenues, profits and company investments,” said David Kavney, Central New York Market Executive for First Niagara, a wholly owned subsidiary of First Niagara Financial Group (Nasdaq:FNFG).

“Our customers here and across Upstate New York are very realistic about where they’ve been and how they see the economic future and, as a strong, community-oriented financial institution, we are helping them accordingly to drive top-line growth in their organizations,” Kavney said.

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, Syracuse area business leaders posted an overall Confidence Index of 94.4, down 6.6 points from last year and registered a 100.9 for the "future" Confidence Index, the second time it has topped the 100 mark in any index.

Other key survey results for the Syracuse area include:

- 27% of Syracuse area business leaders say current business conditions in New York State were a little better or considerably better at the end of 2011 compared to six months earlier, down from 28% responding last year. Another 40%, same as last year, say conditions were about the same and 34%, up from last year's 32%, say they were a little or considerably worse.
- 31%, down from 38% 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 34%, up from 32% last year, who say it will be the same and 34%, up from 30% last year, who say it will be a little or considerably worse.
- 21% of Syracuse area company leaders say they expect in 2012 to increase their current labor force, while 67% say it will remain the same and 13% say they will decrease their work force.
- About half (51%) of local business leaders say they plan to invest in fixed asset acquisitions over the next year – with another 15% unsure -- to meet growing demand, reduce costs or enhance profitability. Of those that intend to invest in fixed assets, 48% plan to use internally generated funds while 35% intend to finance with the assistance of a financial institution.

- 41% of Syracuse area business leaders, down from 48% last year, predict increasing revenues in 2012, while 40% think they will stay the same and 18%, down from 28% last year, say they will decrease.
- 29% of Syracuse business leaders, down from 32% last year, expect profits to increase in 2012 while another 43% predict they will stay the same and 28%, down from 31% last year, expect a decrease.
- Cost reduction (38%), followed by market growth/demand at 37% was cited as the foremost strategy business leaders will employ to enhance profits, followed by price increase (9%) and new technology (9%).
- 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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