



## **First Niagara Survey Finds Pittsburgh/Erie Business Leaders Looking to Invest More in Their Companies in 2012**

*Western PA Executives Plan to Acquire Fixed Assets, Increase Workforce More Than in 2011*

PITTSBURGH, PA. – February 7, 2012 – Leaders of private sector businesses in Western Pennsylvania, from Pittsburgh to Erie, are looking to invest more in their companies in 2012 than in previous years by acquiring fixed assets and increasing workforce hires, according to results from First Niagara’s Annual Survey of Pennsylvania Business Leaders released today.

Overall, 865 chief executive officers, chief financial officers and other senior managers of private businesses in Pittsburgh, Erie, Philadelphia, Allentown, Scranton, Altoona, Harrisburg, Erie, Lancaster, Reading and York, responded to First Niagara’s third annual survey.

These businesses register between \$5 million and \$200 million in annual sales in industries representing the service, manufacturing, engineering and construction, retail, wholesale and distribution, financial and food and beverage sectors. Western PA business leaders responding totaled 212 in the Pittsburgh area and 39 in the Erie region.

More than half, 51%, of Western PA business leaders say they plan to acquire fixed assets – such as equipment, buildings and property – in 2012 to meet growing demand, reduce costs or enhance profitability. This response is a significant increase from 42% last year and above the 46% response for the entire state. Of those with plans, 63%, above the 54% figure for the entire state, say they will finance acquisitions through internally generated funds and 24% say they will borrow from a financial institution.

On projected workforce sizes, by a ratio of more than three to one, Western PA business leaders say they will increase their workforce sizes in 2012 rather than decreasing them. One third (33%) of these executives say they will moderately (31%) or substantially (2%) increase those sizes in 2012 compared to a total of 25% who said they would increase them last year.

“Compared to other regions we serve, Western Pennsylvania business leaders are more focused on doing things to grow demand and thus their businesses rather than cutting costs to succeed,”

said Todd Moules, Western Pennsylvania regional president for First Niagara Bank, a wholly owned subsidiary of First Niagara Financial Group (Nasdaq:FNFG).

“They are looking to hire more people and invest in new assets,” he said. “They are telling us that they are open for business.”

In working within the “new normal,” the survey found Western PA business leaders to be more optimistic than pessimistic, although slightly less than last year -- regarding business conditions in the state and for their local businesses compared to six months earlier, as well as expectations for those businesses and the Pennsylvania economy in 2012.

An overall Confidence Index measuring these assessments and expectations is used each year by the First Niagara survey. 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. As with last year, Western Pennsylvania business leaders this year topped the 100 mark in all three indices representing more optimistic than pessimistic responses.

The overall Confidence Index of 111.0 is down 5.9 points from last year, but up 17.0 points from two years ago. The current index component, which assesses business conditions today as compared to six months earlier, is 103.4, down 2.3 points from a year ago. The future index component measuring economic expectations for the coming year is 118.5, down 9.6 points from a year ago but up 7.5 points from two years ago.

Other key survey results for the Western PA region featuring Pittsburgh and Erie include:

- 43%, down from 50% last year, say they expect the Pennsylvania state economy to improve in 2012. Another 33% expect conditions to remain about the same, and 24%, up from 17% last year, say business conditions will worsen.

- 32% of Pittsburgh/Erie business leaders say current business conditions in Pennsylvania were a little better at the end of 2011 compared to six months earlier, down from 34% responding last year. Another 44%, up from 38% last year, say conditions were about the same and 25%, down from last year's 27%, say they were a little or considerably worse.
- 39%, down from 45% last year, of regional business leaders say they expect business in their own industries to be a little better or considerably better in 2012, compared to 39%, up from 32% last year, who say it will be the same and 23%, up from 22% last year, who say it will be a little or considerably worse.
- Almost one-half (48%) of Pittsburgh/Erie business leaders, down from 51% last year, predict increasing revenues in 2012, while 32% think they will stay the same and 21%, up from 18% last year, say revenues will decrease.
- 36% of Pittsburgh/Erie business leaders, down from 38% last year, expect profits to increase in 2012 while another 37% predict they will stay the same and 26%, up from 22% last year, expect profits to decrease.
- Market growth/demand at 45% was cited as the foremost strategy area business leaders will employ to enhance profits, followed by cost reduction (30%), price increase (14%) and new technology (6%).
- The two top challenges concerning Western Pennsylvania business leaders are adverse economic conditions (20%) and governmental regulation (22%), followed by existing U.S. competition (12%) and health care costs (9%).
- In Western PA, regarding the state government's ability to improve the business climate in 2012, 3% of business leaders say they are very confident in the ability, 25% somewhat confident, 52% are not very confident and 18% are not confident at all.

Results from the third annual First Niagara Survey of Pennsylvania 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 three weeks of 2012 by the Siena College Research Institute (SRI) where 865 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: Philadelphia/Allentown (34% of respondents), Pittsburgh/Erie (29%), rest of statewide including Harrisburg, York, Scranton, Lancaster, Reading, and Altoona (37%).

## **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 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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