



First Niagara Annual Survey: Capital Region Business Executives More Confident About Economy for 2013 Than Others Upstate

More Private Company Heads Expect to Increase Revenues, Profits and Workforce Size in 2013; Others Upstate Taking Step Back

ALBANY, N.Y. – January 8, 2013 – Business executives in the Capital Region appear to be more confident overall about both current economic conditions and their outlook for the 2013 state economy than other company executives throughout Upstate New York, according to results from First Niagara’s Sixth Annual Survey of Upstate New York Business Leaders released today.

Overall, the survey conducted by the Siena College Research Institute found 1,142 leaders of private companies in 55 upstate counties, those outside New York City and Long Island, to have taken a step back in their confidence levels regarding current and future economic conditions after three years of increasing optimism following the 2007-2008 recession.

There were 157 responses this year from chief executive officers, chief financial officers and other senior managers of private businesses in the Capital Region 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 Capital Region business leaders recorded the highest percentage compared to other regions in expecting their companies to substantially or moderately increase their revenues and profits, and to substantially or moderately increase the size of their workforces. These regions were Buffalo, Rochester, Syracuse, Binghamton and Hudson Valley/Westchester.

“While many company leaders Upstate have taken a step back in their confidence levels as they continue to await a more robust economic recovery, these executives in the Capital Region have taken a lesser retreat and continue to lead the way Upstate in projecting some level of confidence

as the economy enters 2013,” said Peter Cosgrove, Upstate New York regional president for First Niagara Bank.

In particular regarding that outlook, more than one-third, 36%, of Capital Region business leaders say they expect business conditions for the New York State economy to improve in 2013, up from 34% last year. Another 32% expect conditions to remain about the same in 2013, and 31%, up from 27% last year, say business conditions will worsen.

Regarding confidence levels, the First Niagara survey each year 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 be the breakeven point with an equal percentage of negative and positive responses.

The survey report further provides three confidence indices for the current assessment, future expectations and overall as a combination of the two. This year, Capital Region business leaders represented the only Upstate region to exceed 90 in all three confidence indices -- the highest overall Confidence Index at 96.3, declining 6.5 points or 6.3% over last year’s index, the highest current Confidence Index at 90.1, down 10.2 points from last year, and the highest future Confidence Index at 102.5, down only 2.8 points from last year.

Key survey results for the Capital Region include:

- Almost one-quarter, 24%, of Capital Region business leaders say current business conditions in New York State were a little better or considerably better at the end of 2012 compared to six months earlier, down from 33% responding the same last year. Another 42%, down from 44% last year, say conditions were about the same and 37%, up from last year’s 24%, say they were a little or considerably worse.
- 36%, up from 34% last year, of area business leaders say they expect business in their own industries to be a little better or considerably better in 2013, compared to 29%, down from 36% last year, who say it will be the same and 36%, up from 30% last year, who say it will be a little or considerably worse.

- Close to one-third, 30%, of Capital Region company leaders say they expect in 2013 to increase their current labor force, compared to 26% last year, while 54% say it will remain the same in 2013 and 15%, up from 12% last year, say they will decrease their work force.
- Exactly half (50%) of local business leaders say they plan to invest in fixed asset acquisitions over the next year – with another 13% unsure -- to meet growing demand, reduce costs or enhance profitability. Of those that intend to invest in fixed assets, 53% plan to use internally generated funds while 38% intend to finance with the assistance of a financial institution.
- 42% of Capital Region business leaders, up from 30% last year, predict increasing revenues in 2013, while 36% think they will stay the same and 22%, say they will decrease.
- 36% of Capital Region business leaders, up from 26% last year, expect profits to increase in 2013 while another 29% predict they will stay the same and 35%, up from 33% last year, expect a decrease.
- Market growth/demand at 45% was cited as the foremost strategy business leaders will employ to enhance profits, followed by cost reduction (29%), and new technology (10%) and price increase (10%).
- Overall, the number one challenge concerning Capital Region business leaders is governmental regulation (25%), followed by adverse economic conditions (24%), and healthcare costs (10%) and taxation (10%).

Results from the sixth 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 through the 2012 fourth quarter for First Niagara by the Siena College Research Institute (SRI) in which 1,142 business leaders from 55 counties responded either by mail, on the SRI Web site, or through a personal interview. Included were chief executive officers, chief financial officers and senior managers of private businesses with \$5 million to \$150 million annual sales in the service, manufacturing, retail, engineering/construction, wholesale and distribution, financial and food/beverage industries.

ABOUT FIRST NIAGARA

First Niagara, through its wholly owned subsidiary, First Niagara Bank, N.A., is a multi-state community-oriented bank with approximately 430 branches, \$36 billion in assets, \$28 billion in deposits, and approximately 6,000 employees providing financial services to individuals, families and businesses across Upstate New York, Pennsylvania, Connecticut and Massachusetts. For more information, visit www.firstniagara.com.

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