



First Niagara Annual Survey: Rochester Business Executives More Confident Than Most Upstate for 2013 Economy

*But Confidence Levels Now Lower Than Last Year; Executives Take
Cautious Approach to Revenue, Profit, Hiring Expectations for 2013*

ROCHESTER, N.Y. – January 8, 2013 – Although many business executives in the Rochester area are less optimistic than they were in recent years about both current economic conditions and their outlook for the 2013 state economy, they still express more confidence than most company executives in 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 many of the 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.

For the Rochester area specifically, there were 128 responses this year from 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.

Of these respondents, 36% say they expect business conditions for the New York State economy to improve in 2013, down from 38% last year. Another 30% expect conditions to remain about the same in 2013, down from 37% last year, and 33%, up from 25% last year, say business conditions will worsen. More of these company leaders expect in 2013 for business revenues and the size of their workforces to increase rather than decrease while anticipating that profits will decline.

“Many Rochester area business executives continue to weather what they see as a less-than-robust economy, but with an eye on ensuring they have the right resources necessary to take advantage of any upswings in consumer confidence and spending – when they come,” said Suzanne Nasipak-Chapman, Rochester Market Executive for First Niagara Bank.

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. It also breaks them down according to five major regions: Capital Region (Albany), Buffalo, Rochester, Syracuse and Hudson Valley/Westchester.

This year, Rochester area business leaders represented the second highest out of five regions on each of the three confidence indices – with an overall Confidence Index at 91.8, declining 7.8 points over last year’s index, a current Confidence Index at 82.0, down 10.4 points from last year, and a future Confidence Index at 101.6, down only 5.1 points from last year.

Key survey results for the Rochester area include:

- One-fifth, 20%, of Rochester area 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 27% responding the same last year. Another 46%, up from 44% last year, say conditions were about the same and 33%, up from last year’s 29%, say they were a little or considerably worse.
- 33%, same percentage as 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 34%, same as last year, who say it will be the same and 32%, similar to 33% last year, who say it will be a little or considerably worse.

- Close to one-fourth, 24%, of Rochester area company leaders say they expect in 2013 to increase their current labor force, compared to 19% last year, while 58% say it will remain the same in 2013 and 16%, up from 11% last year, say they will decrease their work force.
- 45% 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, 67% plan to use internally generated funds while 28% intend to finance with the assistance of a financial institution.
- 36% of Rochester area business leaders, down from 42% last year, predict increasing revenues in 2013, while 40% think they will stay the same and 25%, say they will decrease.
- 26% of Rochester area business leaders, down from 30% last year, expect profits to increase in 2013 while another 37% predict they will stay the same and 38%, up from 29% last year, expect a decrease.
- Market growth/demand at 43% was cited as the foremost strategy business leaders will employ to enhance profits, followed by cost reduction (31%), price increase (12%) and new technology (6%).
- Overall, the number one challenge concerning Rochester area business leaders is adverse economic conditions (29%), followed by governmental regulation (27%), taxation (11%) and health care costs (9%).

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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