



First Niagara Annual Survey: New Haven Business Executives Express Mixed Outlook for 2013 Economic Prospects

Region's Company Leaders Looking for Sustained Upturn While Continuing to Operate Businesses in "New Normal" Economy

NEW HAVEN, CT – January 15, 2013 – New Haven area business leaders have a mixed outlook for their prospects in the 2013 economy, influenced by lower levels of confidence than executives in neighboring regions, according to results released today from First Niagara's Second Annual Survey of Southwestern New England Business Leaders.

In the survey, New Haven area business leaders were slightly more likely to increase their workforces in the coming year than decrease and to expect their revenues to increase, but also less likely to invest in the purchase of fixed assets and to see their profits grow in 2013.

In the New Haven area alone, represented by New Haven and Middlesex counties, there were 99 responses among the survey total of 361 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.

Three other regions represented in the survey, conducted by the Siena College Research Institute, included Fairfield County, Hartford, Tolland and Windham counties in Central Connecticut, and Hampden and Worcester counties in Massachusetts.

“After dealing with the new normal economy for the past few years, it appears that New Haven business executives are expressing their disappointment while still waiting for more robust, and sustained, business conditions,” said David Ring, managing director of Enterprise Banking for First Niagara Bank. “While doing this, these businesses continue to invest in their people and market and sell their products and services.”

First Niagara's survey found 17% of New Haven area company leaders saying they expect in 2013 to increase their current labor force, compared to 14% who say they will decrease their work force and 68% who say it will remain the same in 2013.

The survey also found that 32% from New Haven expect economic conditions in their state to be better in 2013, while 33% believe they will worsen and 34% say they will stay the same.

Regarding executive 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, New Haven area business leaders scored fourth out of four regions in the current and overall indices and third in the future index, all below the 100 breakeven point.

New Haven recorded an overall Confidence Index of 85.9, a current Confidence Index of 75.3, and a future Confidence Index of 96.5.

Key survey results for the New Haven Region include:

- One-third, 33%, of business leaders predict increasing revenues in 2013, while 46% think they will stay the same and 20% say they will decrease.
- 26% of New Haven area business leaders expect profits to increase in 2013 while another 33% predict they will stay the same and 40% expect a decrease.
- Cost reduction at 36% was cited as the foremost strategy business leaders will employ to enhance profits, followed by market growth/demand (28%), price increase (12%) and new technology (7%).

- 37% of New Haven business leaders say they plan to invest in fixed asset acquisitions over the next year – with another 10% unsure -- to meet growing demand, reduce costs or enhance profitability. Of those that intend to invest in fixed assets, 46% plan to use internally generated funds while 32% intend to finance with the assistance of a financial institution
- 21% of New Haven area business leaders say current business conditions in Connecticut were a little better or considerably better at the end of 2012 compared to six months earlier, while 33% say conditions were about the same and 45% say they were a little or considerably worse.
- 30% of the region’s business leaders say they expect business in their own industries to be a little better or considerably better in 2013, compared to 33% who say it will be the same and 36% who say it will be a little or considerably worse.

Results from the second annual First Niagara Survey of Southwestern New England Business Leaders are available at <http://www.siena.edu/sri/southwesternbusinessleaders2013>

METHODOLOGY

A quantitative 26-question survey was conducted through the fourth quarter 2012 by the Siena College Research Institute (SRI) where 361 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 (65 respondents), Central Connecticut (88 respondents), New Haven (99 respondents) and South Central Massachusetts (100 respondents). Nine 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 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.

Media Contact: Helen Tederous, Corporate Communications
Office Phone: 716-819-5922; Cell Phone: 716-697-2335
Email: helen.tederous@fnfg.com

Justin May, Gaffney Bennett Public Relations
Office Phone: 860-229-0301; Cell Phone: 860-839-1538
Email: jmay@gbpr.com

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