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Newtek Announces Closing of AA Rated Securitization of SBA Small Business Loans

NEW YORK, Dec. 27, 2010 (GLOBE NEWSWIRE) -- Newtek Business Services, Inc. (Nasdaq:NEWT), [The Small Business Authority](#), has announced that it has closed on the sale of approximately \$23 million of non-guaranteed portions of SBA small business loans into a securitization trust. The sale of the trust notes was handled by Guggenheim Securities, LLC which advised Newtek and provided investment banking services.

Newtek's subsidiary, Newtek Small Business Finance, Inc., is active in making U.S. Small Business Administration (SBA) 7(a) loans, and is one of the very few non-bank lenders currently making small business loans. Newtek typically retains the unguaranteed portion of those loans and, with the assistance of Guggenheim Securities, was able to securitize those portions, realizing approximately \$16 million in gross proceeds which will be used principally for making new loans and extinguishing Newtek Small Business Finance's existing term loan with Capital One Bank. Guggenheim Securities played a key role in helping Newtek to structure and market the securities which were rated AA by Standard and Poor's.

"Newtek is extremely pleased to have been able to structure and market these notes with the help of Guggenheim Securities, LLC," remarked Barry Sloane, Chairman, President and Chief Executive Officer of Newtek Business Services. "Credit markets have been severely damaged by the easy securitization and sale of poorly underwritten assets in the past. So we are thankful that we were able to put together a transaction that enabled us to reenergize the market at a time when liquidity in well underwritten loans to small business is badly needed.

"Newtek has previously announced the repositioning of its funding relationship with Capital One Bank. That additional credit facility, in conjunction with the securitization proceeds, will give Newtek the confidence and financing to support the growth in its 7(a) SBA Government guaranteed lending. In an SBA Loan, currently the guaranteed portion of the loan can be sold into the secondary market at a premium in excess of 10%. The liquidity created by the securitization of the unguaranteed portion provides Newtek with long term financing to support its SBA lending business. This is much better than using the Company's internal cash resources to support lending which was necessary over the last 12 months. The Company anticipates approximately \$65 million to \$70million of 7(a) loan closings to small businesses during 2010, apart from any other lending programs we have. In 2011, the combination of the securitization, the new Capital One Bank financing, and other plans which we have under way and have disclosed in connection with our investor guidance, could enable us to originate approximately \$100 million of loans and dramatically improve our lending segment profitability over 2009 and 2010 levels. Under new accounting rules, this transaction is treated as a financing and the assets and liabilities remain on our financial statements."

About Newtek Business Services, Inc.

Newtek Business Services, Inc., [The Small Business Authority](#), is a direct distributor of a wide range of business services and financial products to the small- and medium-sized business market under the Newtek™ brand. Since 1999, Newtek has helped small- and medium-sized business owners realize their potential by providing them with the essential tools needed to manage and grow their businesses and to compete effectively in today's marketplace. Newtek provides one or more of its services to over 100,000 business accounts and has positioned the Newtek™ brand as a one-stop-shop provider of such business services. According to the U.S. Small Business Administration, there are over 29.6 million small businesses in the United States, which in total represent 99.7% of all employer firms.

Newtek's business service lines include:

- | [Electronic Payment Processing](#): eCommerce, electronic solutions to accept non-cash payments, including credit and debit cards, check conversion, remote deposit capture, ACH processing, and electronic gift and loyalty card programs.
- | [Web Hosting](#): Full-service web host which offers eCommerce solutions, shared and dedicated web hosting and related services including domain registration and online shopping cart tools.
- | [eCommerce](#): a suite of services that enable small businesses to get up and running on-line quickly and cost effectively, with integrated web design, payment processing and shopping cart services.
- | [Business Lending](#): Broad array of lending products including SBA 7(a) and SBA 504 loans.
- | [Insurance Services](#): Commercial and personal lines of insurance, including health and employee benefits in all 50 states, working with over 40 insurance carriers.
- | [Web Services](#): Customized web design and development services.

- | [Data Backup, Storage and Retrieval](#): Fast, secure, off-site data backup, storage and retrieval designed to meet the specific regulatory and compliance needs of any business.
- | [Accounts Receivable Financing](#): Receivable purchasing and financing services.
- | [Payroll](#): Complete payroll management and processing services.

For more information, please visit www.newtekbusinessservices.com.

About Guggenheim Partners, LLC

Guggenheim Partners, LLC is a diversified financial services firm with more than \$100 billion in assets under supervision. The firm's businesses include investment management, investment advisory, insurance, investment banking and capital markets services. The firm is headquartered in Chicago and New York with a global network of offices throughout the United States, Europe and Asia. For more information, please visit www.guggenheimpartners.com.

Note Regarding Forward Looking Statements

Statements in this press release including statements regarding Newtek's beliefs, expectations, intentions or strategies for the future, may be "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Such risks and uncertainties include, among others, intensified competition, operating problems and their impact on revenues and profit margins, anticipated future business strategies and financial performance, anticipated future number of customers, business prospects, legislative developments and similar matters. Risk factors, cautionary statements and other conditions which could cause Newtek's actual results to differ from management's current expectations are contained in Newtek's filings with the Securities and Exchange Commission and available through <http://www.sec.gov>.

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