



August 11, 2010

Newtek Business Services Reports Consolidated Net Income of \$931 Thousand, or \$0.03 Per Share for the Second Quarter 2010

NEW YORK, Aug 11, 2010 (GlobeNewswire via COMTEX News Network) -- Newtek Business Services, Inc. (Nasdaq:NEWT) (www.newtekbusinessservices.com), The Small Business Authority, a provider of business services and financial products to the small- and medium-sized business market, reported today its financial results for the quarter ended June 30, 2010.

Second Quarter 2010 Overview

- The Company had consolidated net income of \$931 thousand, an increase of \$1.6 million from the same period last year's consolidated net loss of \$(637) thousand for the quarter.
- The Company had consolidated pretax income of \$514 thousand, as compared to a consolidated pretax loss of \$(775) thousand for the second quarter 2009, due primarily to increased revenues.
- Small business finance segment originated \$14.4 million of loans, and had pretax income of \$557 thousand as compared to a pretax loss of \$(748) thousand for the same period of 2009.
- Electronic payment processing segment revenue increased 21% and Web hosting segment revenue increased 2% over the same period in 2009.
- Electronic payment processing segment pretax income increased 29% and Web hosting segment pretax income increased 30% over the same period in 2009.
- EBITDA for the three core business segments increased by 51% period over period.
- The Company is revising its previous 2010 guidance; midpoint indicates achieving positive pretax net income for 2010.

Barry Sloane, Chairman, President and Chief Executive Officer of Newtek Business Services, Inc., said, "We are very pleased with the results of our second quarter performance across the entire organization. It is clear that the business strategy and our ability to execute on it, as well as the understanding by the market place of who we are and what we do are falling into line. The single largest contributor to our improvement year over year has been our small business lending platform. Given the environment over the past five years, most lenders have lost money. Their performance went from record profits to record losses during this time frame. Our company, recognizing the challenges of lending into a credit bubble, elected to maintain its lending platform and presence, but to not over lend for the purpose of generating income only to be unwound by permanent embedded losses down the road in a bad portfolio of assets as the economy weakened. It is hard to make money in a lending operation without the volume to offset the costs of a first class operation. We are currently faced with a tremendous opportunity to lend to good businesses and create assets that are valuable and generate great returns for shareholders. We are also seeing good results with other initiatives that are in place that we will discuss on our investor call. We are very well positioned to take advantage of the small business lending market today and in the future and have tremendous opportunities with the operating leverage available to us in this business.

"Our other business lines are performing extraordinarily well considering the weak economy. Our EPP business is up over 21 percent year over year in most major categories. This is a remarkable performance considering the down market for same store sales growth and the contraction of growth in the use of credit cards and lines. Our web hosting segment has had its growth slowed due to a shifting in the business where we seek out larger, more profitable hosting accounts and relationships vs. the inexpensive shared-site users that are slowly decreasing due to business failures and constant cost cutting."

Second Quarter 2010 Financial Results

For the quarter ended June 30, 2010, the Company had consolidated pretax income of \$514 thousand, compared to a consolidated pretax loss of \$(775) thousand for the same period in 2009, an improvement of \$1.3 million. The Company

reported consolidated net income of \$931 thousand or \$0.03 per share for the second quarter of 2010, compared to a consolidated net loss of \$(637) thousand, or \$(0.02) per share for the second quarter of 2009. Net income benefitted from a release of an income tax valuation allowance.

For the quarter ended June 30, 2010, total consolidated revenue increased \$929 thousand, or 3%, to \$28.0 million compared to \$27.0 million one year ago. Total revenue from the three core business services segments (electronic payment processing, web hosting and small business finance) increased to \$27.2 million, or 17%, in the second quarter of 2010 compared with \$23.2 million for the second quarter of 2009. These three segments represented approximately 97% and 86% of total revenue in the second quarters of 2010 and 2009, respectively.

Outlook for 2010

We are revising our 2010 guidance to reflect consolidated revenues of between \$110.1 million and \$114.1 million. In 2010, we expect consolidated pretax income (loss) of between \$(800) thousand and \$1.9 million. Annual guidance by segment for revenue, pretax income (loss) and EBITDA will be provided in the conference call presentation today, Wednesday, August 11, 2010 at 4:15 p.m. ET and will be available in the 'Events & Presentation' section of the Investor Relations portion of Newtek's website at www.newtekbusinessservices.com.

Use of Non-GAAP Financial Measures

In evaluating its business, Newtek considers and uses EBITDA as a supplemental measure of its operating performance. The Company defines EBITDA as earnings before interest expense, taxes, depreciation and amortization. The Company also presents EBITDA because it believes it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance.

The term EBITDA is not defined under U.S. generally accepted accounting principles, or U.S. GAAP, and is not a measure of operating income (loss), operating performance or liquidity presented in accordance with U.S. GAAP. EBITDA has limitations as an analytical tool and, when assessing the Company's operating performance, investors should not consider EBITDA in isolation, or as a substitute for net income (loss) or other consolidated income statement data prepared in accordance with U.S. GAAP. Among other things, EBITDA does not reflect the Company's actual cash expenditures. Other companies may calculate similar measures differently than Newtek, limiting their usefulness as comparative tools. Newtek compensates for these limitations by relying primarily on its GAAP results supplemented by EBITDA.

Second Quarter 2010 Conference Call and Webcast

A conference call to discuss these results will be hosted by Barry Sloane, Chairman, President and Chief Executive Officer, and Seth Cohen, Chief Financial Officer, today, Wednesday, August 11, 2010 at 4:15 p.m. ET. The live conference call can be accessed by dialing (760) 666-3611 (domestic) or (877) 303-6993 (international).

A live audio webcast of the call and the corresponding presentation will be available in the 'Events & Presentation' section of the Investor Relations portion of Newtek's website at <http://www.newtekbusinessservices.com>. A replay of the webcast with the corresponding presentation will be available on Newtek's website shortly following the live presentation. The telephone replay can be accessed by dialing (706) 645-9291 (domestic) or (800) 642-1687 (international) and entering passcode 89057147. Both web-based and telephonic replays will be available through August 27, 2010.

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(TM) 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(TM) 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.

- 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.

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>.

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

NEWTEK BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In Thousands, except for Per Share Data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Operating revenues	\$28,006	\$27,077	\$53,859	\$51,198

Net change in fair market value of:

Liability on SBA loans transferred,

subject to premium recourse	1,047	--	2,026	--
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Credits in lieu of cash and notes payable in credits in lieu of cash	13	473	174	1,010
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Total net change in fair market value	1,060	473	2,200	1,010
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-----	-----	-----	-----	-----
Operating expenses:	-----	-----	-----	-----
-----	-----	-----	-----	-----
Electronic payment processing costs	17,249	14,110	33,124	27,054
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Salaries and benefits	4,699	4,497	9,688	9,307
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Interest	1,017	3,605	2,284	6,122
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Depreciation and amortization	1,175	1,570	2,431	3,219
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Provision for loan losses	400	509	853	933
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Other general and administrative costs	4,012	4,034	8,039	8,426
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Total operating expenses	28,552	28,325	56,419	55,061
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-----	-----	-----	-----	-----
Income (loss) before income taxes	514	(775)	(360)	(2,853)
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Benefit for income taxes	370	131	667	1,145
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-----	-----	-----	-----	-----
Net income (loss)	884	(644)	307	(1,708)
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Net loss attributable to noncontrolling interests	47	7	157	95
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Net income (loss) attributable to Newtek Business Services, Inc.	\$931	\$(637)	\$464	\$(1,613)
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Weighted average common shares outstanding - basic	35,648	35,625	35,648	35,625
Weighted average common shares outstanding - diluted	35,802	35,625	35,796	35,625
Income (loss) per share - basic and diluted	\$0.03	\$(0.02)	\$0.01	\$(0.05)

See accompanying notes to these unaudited condensed consolidated financial statements in the 10-Q.

NEWTEK BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2010 AND DECEMBER 31, 2009
(In Thousands, except for Per Share Data)

	June 30, 2010	December 31, 2009
	Unaudited	Audited
ASSETS		
Cash and cash equivalents	\$7,790	\$12,581
Restricted cash	9,380	6,739
Broker receivable	8,065	6,467
SBA loans held for investment (net of reserve for loan losses of \$3,698 and \$3,985, respectively)	24,281	23,257
Accounts receivable (net of allowance of \$442 and \$211, respectively)	8,245	5,012
SBA loans held for sale	323	200
Prepaid expenses and other assets (net of accumulated amortization of deferred financing costs of \$2,634 and \$2,491, respectively)	6,864	7,502
Servicing asset (net of accumulated amortization and allowances of \$4,867 and \$4,539, respectively)	2,146	2,436
Fixed assets (net of accumulated depreciation and amortization of \$13,570 and \$12,276, respectively)	3,156	3,631
Intangible assets (net of accumulated amortization of \$11,102 and \$10,299, respectively)	3,520	4,218

SBA loans transferred, subject to premium recourse	21,114	--
Credits in lieu of cash	42,632	51,947
Goodwill	12,092	12,092
	-----	-----
Total assets	\$149,608	\$136,082
	=====	=====

LIABILITIES AND EQUITY

Liabilities:

Accounts payable and accrued expenses	\$8,575	\$8,314
Notes payable	18,150	16,298
Deferred revenue	1,805	1,862
Liability on SBA loans transferred, subject to premium recourse	21,176	--
Notes payable in credits in lieu of cash	42,632	51,947
Deferred tax liability	2,879	3,634
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Total liabilities	95,217	82,055
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Commitments and contingencies

Equity:

Newtek Business Services, Inc. stockholders' equity:		
Preferred stock (par value \$0.02 per share; authorized 1,000 shares, no shares issued and outstanding)	--	--
Common stock (par value \$0.02 per share; authorized 54,000 shares, 36,688 and 36,674 issued, respectively; 35,653 and 35,648 outstanding, respectively, not including 83 shares held in escrow)	734	733
Additional paid-in capital	57,318	57,302
Accumulated deficit	(4,510)	(4,974)
	-----	-----
Treasury stock, at cost (1,035 and 1,026 shares, respectively)	(663)	(649)
	-----	-----
Total Newtek Business Services, Inc. stockholders' equity	52,879	52,412
Noncontrolling interests	1,512	1,615
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Total equity	54,391	54,027
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Total liabilities and equity	\$149,608	\$136,082
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