



May 13, 2009

## Newtek Business Services Reports First Quarter 2009 Financial Results

NEW YORK, May 13, 2009 (GlobeNewswire via COMTEX News Network) -- Newtek Business Services, Inc. (Nasdaq:NEWT) ([www.newtekbusinessservices.com](http://www.newtekbusinessservices.com)), a provider of business services and financial products to the small- and medium-sized business market, reports today its financial results for the three months ended March 31, 2009.

### First Quarter 2009 Overview

- \* Loss before benefit for income taxes decreased by \$2.0 million or 49% to \$(2.1) million for the first quarter of 2009 from \$(4.0) million for the first quarter of 2008 due to our cost cutting efforts and increased revenues.
- \* Total revenue for the Electronic payment processing segment in the first quarter of 2009 increased by 4% over the first quarter of 2008.
- \* Total revenue for the Web hosting segment in the first quarter of 2009 increased by 9% over the first quarter of 2008.
- \* The Company continued cost-cutting measures in the first quarter of 2009, which are expected to result in a minimum of \$4.0 million of cash savings for 2009.
- \* Cash and cash equivalents, and restricted cash totaled \$25.9 million, or \$0.73 per share, as of March 31, 2009.
- \* The net decrease in cash and cash equivalents was \$(361) thousand for the first quarter of 2009 as compared to a decrease of \$(5.1) million for the first quarter of 2008.

Barry Sloane, Chairman and Chief Executive Officer of Newtek Business Services, Inc. said, "We are very pleased with the Company's first quarter performance. Our management team has succeeded at cutting expenses, reducing our quarter over quarter loss, maintaining our cash balances and still managed to grow total revenues in our Electronic payment processing and Web hosting segments. An improvement of \$4.8 million period over period in our quarterly cash flow is quite an accomplishment given the current economic backdrop."

### First Quarter 2009 Financial Results

For the three months ended March 31, 2009, the Company reported a loss before benefit for income taxes of \$(2.1) million, compared to a loss before benefit for income taxes of \$(4.0) million, for the same period last year. The Company reported a net loss of \$(976) thousand, or \$(0.03) per share, in the first quarter of 2009, compared to a net loss of \$(2.7) million, or \$(0.08) per share, in the first quarter of 2008.

For the three months ended March 31, 2009, total revenue increased by \$601 thousand, or 3%, to \$24.1 million compared to \$23.5 million one year ago. Total revenue from the three core business services segments (electronic payment processing, web hosting and small business finance) increased to \$22.3 million, or 4.4%, in the first quarter of 2009 compared with \$21.4 million in the first quarter 2008. These three segments represented approximately 92% and 91% of total revenue in 2009 and 2008, respectively.

### Outlook for 2009

The Company reaffirms 2009 consolidated revenues to be between \$95.3 million and \$101.2 million, and a loss before benefit for income taxes of between (\$7.4) million and (\$5.2) million. Annual guidance by segment for revenue, loss before benefit for income taxes, and EBITDA will be provided in the full year conference call presentation today Wednesday, May 13, 2009 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](http://www.newtekbusinessservices.com).

## Cautionary Statement

2009 Guidance information contained in this press release is based on management's current expectations. These statements are forward looking and actual results may differ materially. See "Note Regarding Forward Looking Statements" below.

## 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. Newtek uses EBITDA as a supplemental measure to review and assess its operating performance. 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.

## First Quarter 2009 Conference Call and Webcast

A conference call to discuss these results will be hosted by Barry Sloane, Chairman and Chief Executive Officer, and Seth Cohen, Chief Financial Officer, today Wednesday, May 13, 2009 at 4:15 p.m. ET. The live conference call can be accessed by dialing (877) 419-6597 (domestic) or (719) 325-4930 (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 [www.newtekbusinessservices.com](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 (888) 203-1112 (domestic) or (719) 457-0820 (international), and using the replay passcode 5498526. Both web-based and telephonic replays will be available for 90 days following the live presentation.

## About Newtek Business Services, Inc.

Newtek Business Services, Inc. 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 91,000 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 26.8 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:** 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 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), conventional commercial real estate and SBA 504 loans, business lines of credit, and business credit cards.

- \* 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>.

NEWTEK BUSINESS SERVICES, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008  
 (In Thousands, except for Per Share Data)

	2009	2008
	-----	-----
Operating revenues	\$ 24,121	\$ 23,520
	-----	-----
Operating expenses:		
Electronic payment processing costs	12,944	12,225
Salaries and benefits	4,810	6,579
Interest	2,517	2,290
Depreciation and amortization	1,649	1,809
Provision for loan losses	424	439
Other general and administrative costs	4,392	4,213
	-----	-----
Total operating expenses	26,736	27,555
	-----	-----
Operating loss before fair market value adjustment and benefit for income taxes	(2,615)	(4,035)
Net change in fair market value of credits in lieu of cash and notes payable in credits in lieu of cash	537	--
	-----	-----
Loss before benefit for income taxes	(2,078)	(4,035)
Benefit for income taxes	1,014	1,238
	-----	-----
Net loss	(1,064)	(2,797)

Net loss attributable to noncontrolling interests	88	102
	-----	-----
Net loss	\$ (976)	\$ (2,695)
	=====	=====
Weighted average common shares outstanding - basic and diluted	35,625	35,869
	-----	-----
Loss per share - basic and diluted	\$ (0.03)	\$ (0.08)
	=====	=====

NEWTEK BUSINESS SERVICES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2009 AND DECEMBER 31, 2008  
(In Thousands, except for Per Share Data)

	March 31, 2009	Dec. 31, 2008
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 16,491	\$ 16,852
Restricted cash	9,382	8,366
Credits in lieu of cash	46,260	70,559
SBA loans held for investment (net of reserve for loan losses of \$3,592 and \$3,420, respectively)	25,861	26,912
Accounts receivable (net of allowance of \$269 and \$192, respectively)	4,674	5,175
SBA loans held for sale	--	6,133
Prepaid expenses and other assets (net of accumulated amortization of deferred financing costs of \$2,238 and \$2,122, respectively)	8,194	9,998
Servicing asset (net of accumulated amortization and allowances of \$3,948 and \$3,756, respectively)	2,770	2,282
Fixed assets (net of accumulated depreciation and amortization of \$10,229 and \$9,477, respectively)	4,655	5,062
Intangible assets (net of accumulated amortization of \$12,786 and \$12,113, respectively)	5,546	6,096
Goodwill	12,092	12,092
	-----	-----
Total assets	\$ 135,925	\$ 169,527
	=====	=====

LIABILITIES AND EQUITY

Liabilities:		
Accounts payable and accrued expenses	\$ 8,082	\$ 9,344
Notes payable	20,141	25,998
Deferred revenue	2,119	2,203
Notes payable in credits in lieu of cash	46,260	70,559
Deferred tax liability	4,275	5,344

Total liabilities	80,877	113,448
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, issued and outstanding 36,650 and 36,667, respectively, not including 97 and 394 shares held in escrow, respectively)	733	733
Additional paid-in capital	58,267	58,232
Deficit	(5,521)	(4,545)
Treasury stock, at cost (1,026 shares)	(649)	(649)
Total Newtek Business Services, Inc. stockholders' equity	52,830	53,771
Noncontrolling interests	2,218	2,308
Total equity	55,048	56,079
Total liabilities and equity	\$ 135,925	\$ 169,527

This news release was distributed by GlobeNewswire, [www.globenewswire.com](http://www.globenewswire.com)

SOURCE: Newtek Business Services Inc.

Newtek Business Services, Inc.  
Barry Sloane, Chairman and CEO  
212-356-9500  
[bsloane@newtekbusinessservices.com](mailto:bsloane@newtekbusinessservices.com)

(C) Copyright 2009 GlobeNewswire, Inc. All rights reserved.

News Provided by COMTEX