Phoenix Management Services
"Lending Climate in America" Survey

PHOENIX
MANAGEMENT SERVICES

4th Quarter 2009
Summary, Trends and Implications

PHOENIX
"LENDING CLIMATE IN AMERICA"
QUARTERLY SURVEY

SUMMARY, TRENDS AND IMPLICATIONS

1. **Nearly 2/3 of respondents – 62% – believe that unemployment levels reaching 26-year highs of over 10% will have the most significant impact on the U.S. economy in 2010.** Twenty-two percent of respondents are concerned that the growing U.S. deficit of $1.4 trillion as of September 2009 will have the biggest impact on the U.S. economy in 2010, while ten percent believe the global impact of the weakening U.S. dollar will impose the most drastic impact on the economy in 2010. Only four percent predict that the nine-month rise in pending home sales through October 2009 will yield the biggest impact on the economy in 2010. The remaining two percent recognized "Other" factors as having the largest impact on the economy in 2010.

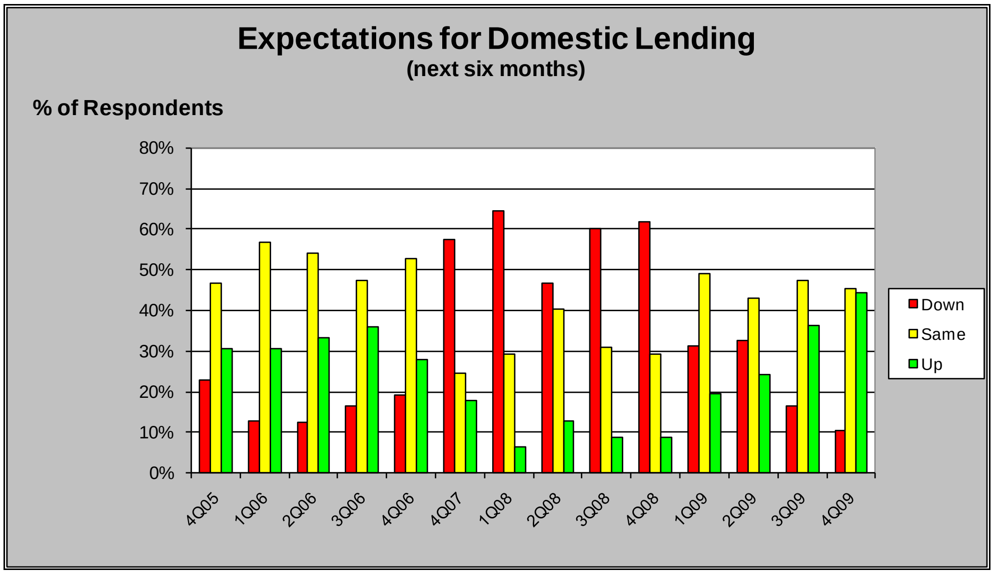
2. **Over 80% of Lenders' believe the Dow Jones Industrial Average (DJIA) will yield gains in 2010.** When asked "What is your expectation for the performance of the DJIA in 2010 after hitting 2009 highs in December 2009 above the 10,500 level," 40% of respondents anticipate the DJIA to increase between 5-10%. Nearly 35% believe the DJIA will show modest signs of improvement and increase between 1-5% in 2010 versus the 2009 ending tally. Nine percent are bullish and suggest that the DJIA will yield gains greater than ten percent in 2010. Seven percent believe the DJIA still has room to retreat and will decrease between five and ten percent in 2010. Five percent of Lenders' anticipate the DJIA to fall over ten percent in 2010, and the remaining five percent believe the DJIA will realize a modest decrease between one and five percent in 2010.

3. **Over half of respondents have mixed reactions towards President Obama's economic policy during the President's first year in action.** Fifty-two percent of respondents believe the U.S. economy showed some signs of improvement during President Obama's first year in office; however, significant issues remain. Forty percent classified President Obama's economic initiatives to be unsuccessful as the U.S. economy is no better with the fiscal deficit increasing. The remaining nine percent of respondents are optimistic relative to Obama's first year in office as they believe the U.S. economy has shown improvement.

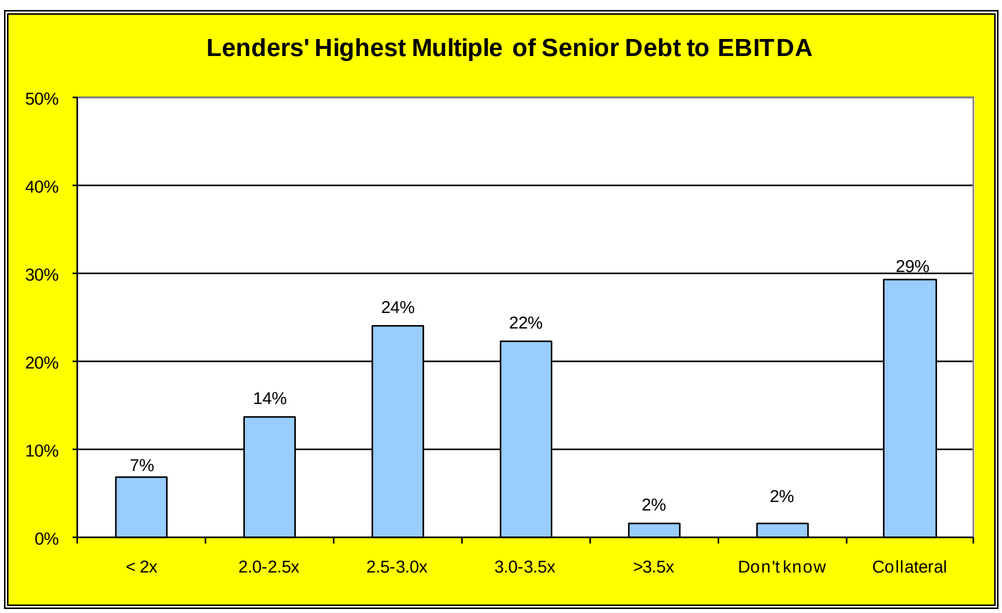
4. **Similar to sentiment in last quarter's results, constrained liquidity in the capital markets and the sluggish housing market are the factors lenders believe will have the strongest potential to affect the economy in the next six months.** Seventy-one percent of respondents, when asked to indicate the economic factor with the greatest potential, designated constrained liquidity in the capital markets, while forty-three percent chose the continued sluggish housing market. Thirty-three percent agreed to the U.S. budget deficit as having the strongest potential to affect the economy in the first half of 2010. Thirty-one percent chose "Other" factors as having the strongest impact on the near-term economy. Twelve percent of respondents believe unstable energy prices will have the greatest potential economic impact. Finally, two percent of lenders anticipate the wars in Iraq and Afghanistan will have the strongest potential impact.

5. **Improved expectations for domestic lending were evident for the fourth consecutive survey.** The overall diffusion index for all lending segments improved positive 14 percentage points from last quarter's survey. Respondents indicated that,

on average for all domestic lending categories, 44% have expectations for increased loan demand (versus 36% in the prior quarter).



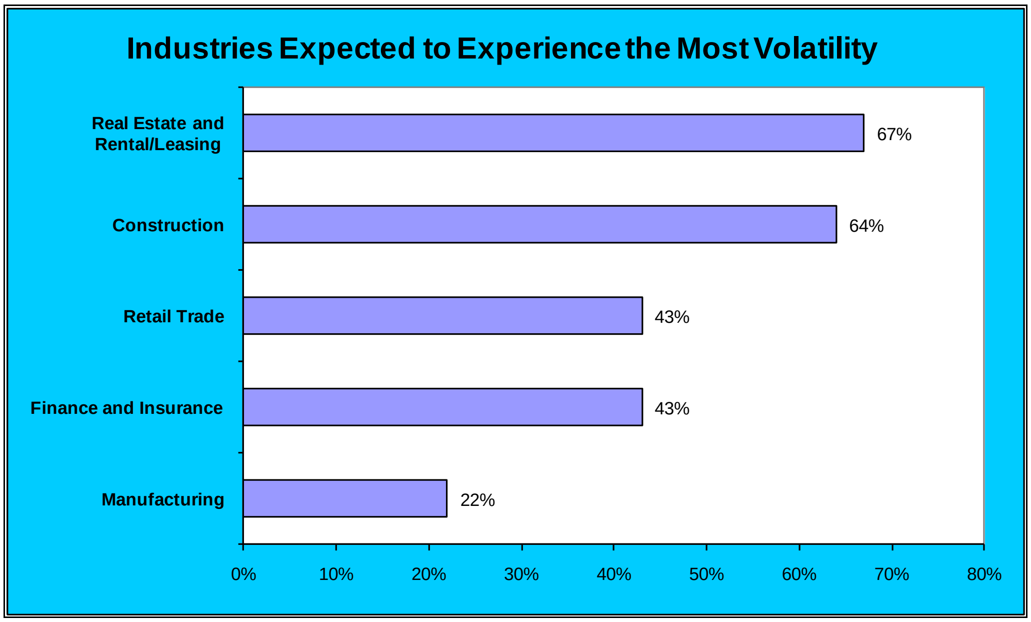
6. **Twenty-four percent of lenders indicated their financial institution would consider a loan request with a Senior Debt to EBITDA multiple as high as 2.5-3.0x, 5 percentage points higher than the previous survey.** Twenty-two percent of respondents indicated their institution would only consider a loan request with a multiple as high as 3.0-3.5x (previous survey: 16%). Only 2% of lenders indicated their institution would consider a loan request with a multiple greater than 3.5x (previous survey: 6%). Twenty-nine percent of respondents indicated they are collateral lenders and do not utilize cash flow multiples as the primary factor in credit decisions.



7. **Forty-one percent of lenders believe their institution will have no change in the highest Senior Debt to EBITDA multiple it will consider in regards to a new loan request (9% lower than previous quarter).** Twenty-eight percent of respondents believe that the highest multiple will increase less than 0.5x (up from sixteen percent in the previous quarter), while only two percent anticipate the multiple will increase greater than 0.5x over the next six months. Two percent of lenders opined that the

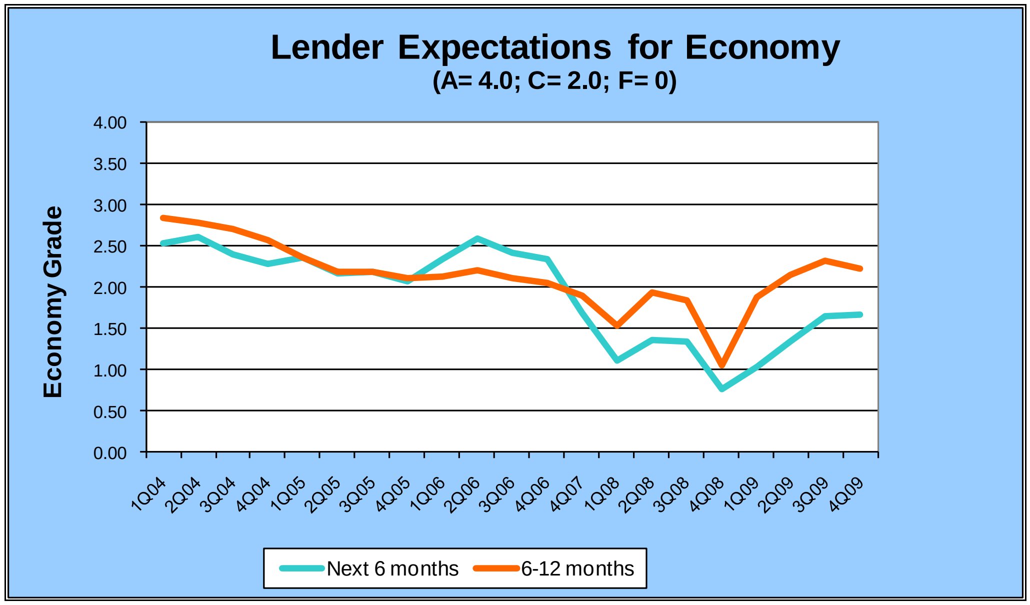
multiple would decrease at their financial institution over the next six months. Twenty-six percent of respondents indicated they were collateral lenders and did not specifically focus on that multiple. One percent of lenders responded that they did not know which direction their financial institution was headed in the near term.

8. **Two-thirds of respondents anticipate the Real Estate and Rental/Leasing industry will experience the most volatility in the next six months**. When asked to identify three industries that will experience the most volatility in the next 6 months, 67% chose the Real Estate and Rental/Leasing industry as the most likely to experience volatility and 64% of lenders chose the Construction industry. Forty-three percent of lenders believe the Retail Trade and Finance and Insurance industries will experience the most volatility. Twenty-two percent elected the Manufacturing industry will experience the most volatility.

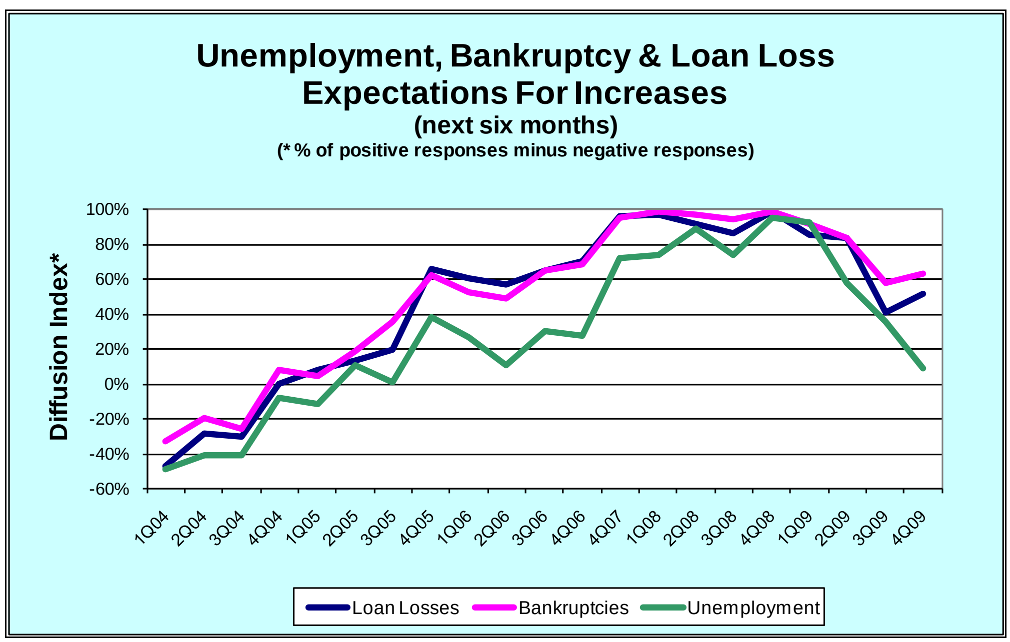


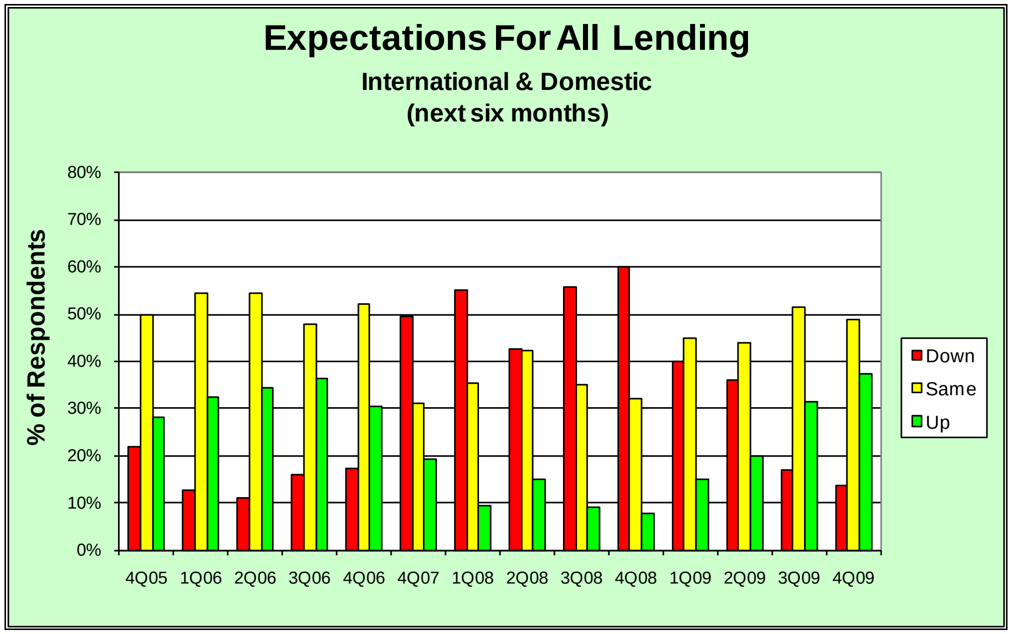
9. **Thirty-six percent of respondents' customers anticipate raising additional capital in the next six months.** Twenty-eight percent responded their customers are planning on introducing new products or services and/or making an acquisition. Nineteen percent replied their customers are planning to make new capital investments, followed by seventeen percent hiring new employees and/or entering new markets. Twenty-four percent of respondents anticipate their customers to engage in the planning of "Other" initiatives in the next six months.

10. **Lenders' expectations for the economy showed slight improvement for the next six months, and anticipate additional growth for the following six-month outlook.** Lenders expect the economy to perform at a "high-D" level for the next six months, which is the highest level in the past eight quarters. Respondents anticipate the economy to show signs of improvement looking past the next six-month period, albeit at a slightly slower pace, compared to growth expectation levels in last quarter's survey.

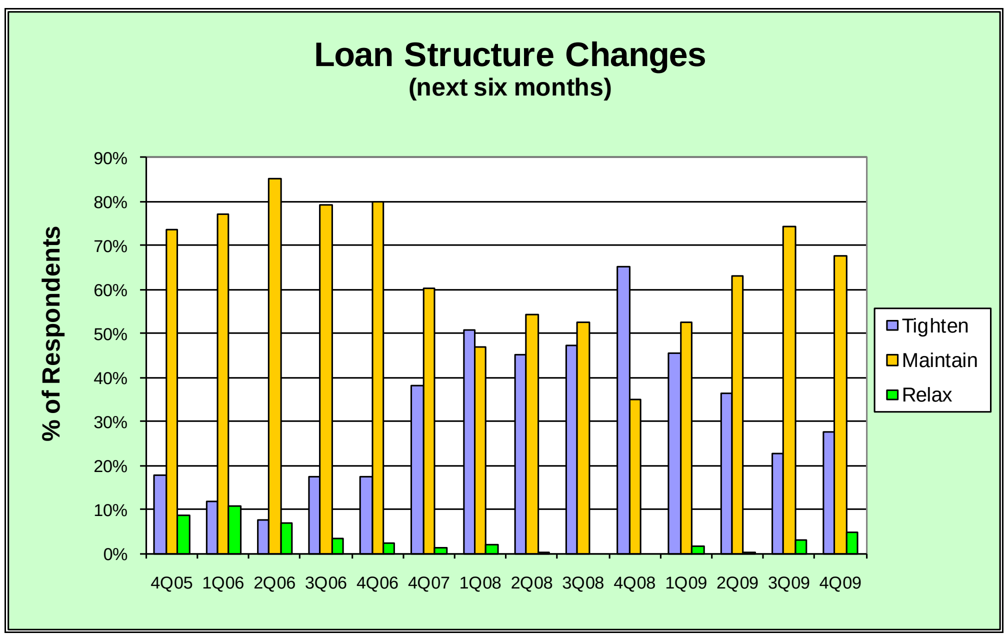


11. **Lenders' credit quality outlook generates mixed reactions.** The domestic lending outlook improved by fourteen percentage points compared to last quarter. The percentage of respondents anticipating higher unemployment rates decreased 17 percentage points – decreasing to 24 percent. However, lenders expect an increase in both bankruptcies and loan losses, as both categories saw an increase in higher rates by 11% in comparison to the previous survey.

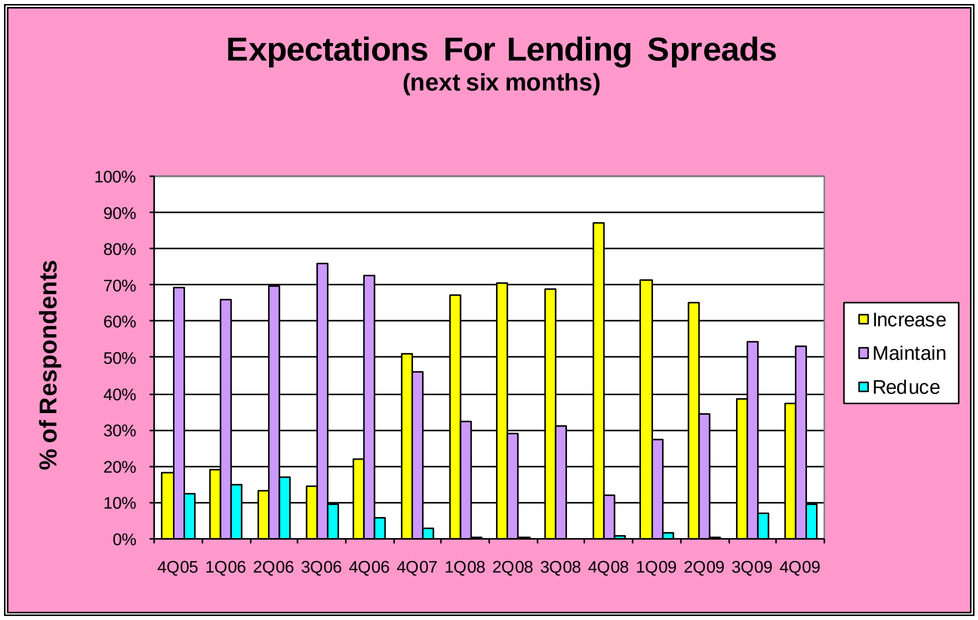




12. **The percentage of lenders expecting to maintain their existing loan structures decreased to 68% (versus 74% in the previous survey).** As a result, the percentage of respondents planning to tighten their loan structure increased to 28% (versus 23% in the previous survey).



13. **A majority percentage of lenders anticipate maintaining their current lending spreads in this interest rate environment.** Fifty-three percent of respondents (versus fifty-four percent in the previous quarter) expect to maintain lending spreads from their current levels.


Expectations For Lending Spreads
(next six months)
% of Respondents
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
4Q05
1Q06
2Q06
3Q06
4Q06
4Q07
1Q08
2Q08
3Q08
4Q08
1Q09
2Q09
3Q09
4Q09
Increase
Maintain
Reduce

Phoenix Management
“Lending Climate in America”
4th Quarter 2009

Survey Results

1. Impact of 2009 Economic Trends Heading into 2010

Lenders were asked: Which economic trend will have the biggest impact on the economy in 2010?

- Sixty-two percent believe unemployment levels reaching twenty-six-year highs at 10.2% will have the biggest impact.
- Twenty-two percent responded the growing U.S. deficit totaling $1.4 trillion as of September 2009, more than triple the record set one year prior, is of chief concern to the economy in 2010.
- Ten percent of lenders responded the global impact of the weakening U.S. dollar as having the largest impact.
- Four percent recognize the nine-month rise in pending home sales through October 2009 as being the biggest indicator heading into 2010.
- Two percent attributed “Other” trends as having the biggest impact on the economy in 2010.

2. Expectations of the Dow Jones Industrial Average in 2010

Respondents were asked: In December 2009, the DJIA hit above the 10,500 level and reached a new high in 2009. What are your expectations for the performance of the Dow in 2010?

- Forty percent of respondents anticipate an increase in the DJIA between five and ten percent.
- Thirty-five percent expect a more modest increase between one and five percent in 2010.
- Eight percent of respondents have a bullish outlook for the DJIA in 2010 and anticipate an increase of over ten percent for the blue chip index.
- Seven percent expect a decline in the DJIA between 5% and 10%.
- Five percent estimate the DJIA will experience a more modest decrease between one and five percent in 2010.
- Five percent of respondents believe the DJIA will experience a difficult year with double digit losses (over ten percent) in 2010.

3. Obama's Impact on the Economy

Lenders were asked: relative to the U.S. economy, how would you classify President Obama's first year in office?

- Fifty-two percent of respondents had mixed results, as there were some signs of economic improvement; however, significant issues remain.

- Forty percent believe President Obama's economic initiatives during 2009 were unsuccessful as the U.S. economy is no better or worse with the U.S. fiscal deficit increasing.

- Eight percent believed President Obama's economic initiatives during 2009 were successful as the U.S. economy has shown improvement.

4. Opinion of the U.S. Government's Economic & Credit Market Stimulus Actions during 2009

Participants were asked of their opinion of the economic and credit market stimulus actions taken during President Obama's first year in office.

- Thirty-eight percent were moderately favorable of the credit market and economic stimulus initiatives implemented during President Obama's first year in office.

- Twenty-seven percent had mixed feelings with no concrete opinion.

- Seventeen percent were highly unfavorable towards the initiatives implemented.

- Sixteen percent were moderately unfavorable of President Obama's economic policies and actions.

- Final two percent were highly favorable.

5. Highest Senior Debt to EBITDA Multiple Institutions Would Consider

Respondents were asked the highest multiple of Senior Debt to EBITDA their financial institution would consider with regard to a loan request.

- Twenty-nine percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: thirty-three percent).

- Twenty-four percent believed their institution would consider a loan request with a Senior Debt to EBITDA multiple as high as the 2.5x – 3.0x range (previous survey: nineteen percent).

- Twenty-two percent indicated their institution would consider a loan request with a leverage multiple as high as the 3.0x – 3.5x range (previous survey: sixteen percent).

- Fourteen percent believed their institution would consider a loan request with a Senior Debt to EBITDA multiple as high as the 2.0x – 2.5x range (previous survey: seventeen percent).

- Seven percent of lenders responded their financial institution would only consider a loan request with a leverage multiple lower than 2.0x (previous survey: two percent).

- Two percent of lenders opined their financial institution would consider a loan request with a leverage multiple of greater than 3.5x (previous survey: six percent).

6. Anticipated Change in Senior Debt to EBITDA Multiple

Respondents were asked, over the next six months, how the Senior Debt to EBITDA multiple would change at their financial institution.

- Forty-one percent indicated that the Senior Debt to EBITDA multiple will not change at their financial institution over the next six months (previous survey: fifty percent).

- Twenty-eight percent of lenders believe that the leverage multiple will increase less than 0.5x during the next six months (previous survey: sixteen percent).

- Twenty-six percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: twenty-seven percent).

- Two percent conclude that the leverage multiple will increase greater than 0.5x during the next six months (previous survey: three percent).

- Two percent opined the Senior Debt to EBITDA multiple will decrease less than 0.5x during the next six months (previous survey: two percent).

- The remaining two percent of respondents did not know the degree to which the Senior Debt to EBITDA multiple would change at their financial institution.

7. Factors with Strongest Potential to Affect Near-Term Economy

Respondents were asked, over the next six months, which TWO factors had the strongest potential to affect the economy.

- Seventy-one percent designated constrained liquidity in the capital markets as the factor with the strongest potential to affect the near-term economy (previous survey: fifty-nine percent).

- Forty-three percent designated the sluggish housing market as the factor with the strongest potential to affect the near-term economy (previous survey: fifty-three percent).

- Thirty-three percent of respondents selected the U.S. budget deficit as having the strongest potential to affect the economy over the next six months (previous survey: twenty percent).

- Twelve percent concluded that unstable energy prices had the strongest potential to affect the economy during the next six months (previous survey: fourteen percent).

- Nine percent opined that the stability of the stock market has the strongest potential to affect the economy during the next six months (previous survey: twenty-five percent).

- Two percent opined that the wars in Iraq and Afghanistan had the strongest potential to affect the economy during the next six months (previous survey: two percent).

- Thirty-one designated “Other” factors to have the strongest potential to affect the economy during the next six months (previous survey: fourteen percent).

8. Industries Expected to Experience Greatest Volatility

Respondents were asked, over the next six months, which industries will experience the most volatility (i.e. Chapter 11 filings, mergers and acquisitions, declining profits, etc.). Respondents were asked to select the top three industries.

- Sixty-seven percent responded that the real estate and rental/leasing industry would experience the most volatility during the next six months (previous survey: fifty-eight percent).

- Sixty-four percent designated the construction industry as the industry expected to weather the greatest volatility in the near term (previous survey: fifty-nine percent).

- Forty-three percent believed the retail trade industry would experience the most volatility over the next six months (previous survey: fifty-three percent).

- Forty-three percent of respondents believed the finance and insurance industry will experience the greatest volatility over the next six months (previous survey: thirty-eight percent).

- Twenty-two percent opined the manufacturing industry would experience the most volatility (previous survey: twenty-seven percent).

- Seventeen percent believe the healthcare and social assistance industries would experience the most volatility (previous survey: nine percent).

- Ten percent concludes the accommodation and food services industries would experience the most volatility (previous survey: nine percent).

- The balance of the industry choices did not register designations greater than ten percent from the respondents.

9. Customers’ Plans in the Next Six to Twelve Months

Respondents were asked which of the following actions their customers planned in the next six months. Lenders were asked to designate all potential customer actions that applied.

- Thirty-six percent indicated their customers are planning on raising additional capital in the next months (previous survey: fifty-eight percent).

- Twenty-eight percent of lenders believe their customers are planning on introducing new products or services (previous survey: thirty-one percent).

- Twenty-eight percent of lenders opined that their customers are planning on making an acquisition (previous survey: twenty percent).

- Nineteen percent of lenders believe their customers will be making new capital investments (previous survey: sixteen percent).

- Seventeen percent responded their customers are planning on entering new markets (previous survey: twenty-three percent).

- Seventeen percent of respondents indicated their customers plan on hiring new employees in the next six months (previous survey: thirteen percent).

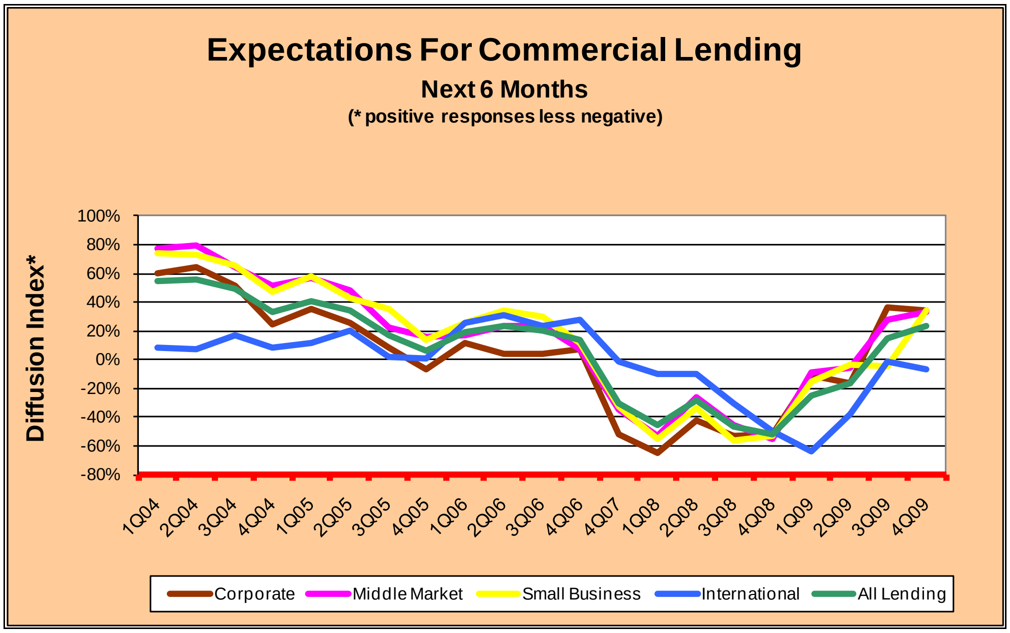
10. Economic Indicators

Respondents were asked whether they expected the following economic indicators to be up, down or remain the same over the next six months.

- Respondents were relatively optimistic regarding lending indicators. The diffusion index for all domestic lending segments equaled positive 34 percentage points - a 14 percentage point improvement versus last quarter and an 87 percentage point improvement versus Q4 2008.

- There was a mix in sentiment regarding macro-economic-related indicators. The expectations of interest rates increasing went up from 44 percent in Q3 2009 to 60% in Q4 2009. Also, respondents agreed that the likelihood of unemployment further increasing fell to 24% in comparison to 47% last quarter. Lenders' still show concerns in regards to anticipated increases in loan losses and bankruptcy filings, as both increased compared to the previous quarter.

	3Q/2009			4Q/2009		
	Up	Down	Same	Up	Down	Same
Corporate Lending	45%	10%	45%	43%	9%	48%
Middle Market Lending	41%	12%	47%	45%	12%	43%
Small Business Lending	23%	27%	50%	45%	10%	45%
International Lending	17%	19%	64%	17%	24%	59%



	Up	Down	Same	Up	Down	Same
Loan Losses	56%	16%	28%	67%	16%	17%
Bankruptcies	62%	5%	33%	74%	11%	15%
Interest Rates	44%	5%	51%	60%	0%	40%
Unemployment	47%	11%	42%	24%	16%	60%
Bank Failures	70%	6%	24%	60%	5%	35%

11. U.S. Economy Grade – Next Six Months

Respondents were asked how they expected the U.S. economy to perform during the next six months on a grading scale of A through F.

- The outlook for the U.S. economy improved slightly from the previous quarter. Although the percentage of lenders who believe that the economy will perform at a "C" level decreased from 63 percent in Q3 2009 to 53 percent in Q4 2009, the percentage of respondents who graded the current economy at a "B" level increased 5 percentage points and overall yielded a higher-weighted average grade in comparison to the prior quarter by three basis points.

Grade	2Q/2009	3Q/2009
A	0%	0%
B	2%	7%
C	63%	53%
D	33%	40%
F	2%	0%
Weighted Average Grade	1.64	1.67

12. U.S. Economy Grade – Beyond the Next Six Months

Respondents were asked how they expected the U.S. economy to perform beyond the next six months ("out" six months) on a grading scale of A through F.

- Lenders' expectations for the U.S. economy's performance in the "out six months" period stayed relatively flat compared to the previous survey. The overall, imputed average of 2.27 was a slight decrease compared to the average of 2.31 in the previous survey, which was the highest outlook in the 9 surveys prior to Q3 2009. Respondents anticipating the economy to perform at a "B" level decreased to 33 percent (from 39 percent in the previous survey). Conversely, lenders anticipating the economy to perform at a "D" level or lower slightly increased by 2 percentage points to 10 percent (up from 8 percent in the previous survey).

Grade	3Q/2009	4Q/2009
A	0%	0%
B	39%	33%
C	53%	57%
D	8%	10%
F	0%	0%
Weighted Average	2.31	2.27

13. Customers' Future Growth Expectations

Lenders assessed their customers' growth expectations for the next six months to a year.

- The percentage of respondents indicating their customers have "moderate" growth expectations for the next 6 months to 1 year increased to 62 percent (a 3 percentage point increase from the previous survey). Two percent of respondents opined that their customers have "strong" growth expectations for the next six months to a year compared to zero percent in the prior survey.

Indication	3Q/2009	4Q/2009
Very Strong	0%	0%
Strong	0%	2%
Moderate	59%	62%
No Growth	41%	36%

14. Loan Structure

Respondents were asked whether their financial institutions planned to tighten, relax, or maintain their loan structures (collateral requirements, guarantees, advance rates, loan covenants, etc.) in each of four different-sized loan categories.

- Respondents have indicated a slight tightening in loan structures compared to the previous quarter from 23 percent in Q3 2009 to 28 percent in the current quarter.

	3Q/2009			4Q/2009		
	Tighten	Maintain	Relax	Tighten	Maintain	Relax
Loans> $25 million	19%	77%	4%	31%	62%	6%
$15 – 25 million	22%	75%	3%	23%	71%	6%
$5-15 million	22%	75%	3%	24%	72%	4%
Under $5 million	28%	70%	2%	33%	64%	3%
Overall Average	23%	74%	3%	28%	68%	5%

15. Interest Rate Spread

Lenders were asked whether their financial institutions planned to reduce, maintain or increase their interest rate spreads and fee structures on similar credit quality loans.

- Thirty-seven percent of respondents plan to increase their current interest rate spreads and fee structures on all sizes of loans – two percentage points lower than in the previous quarter and fifty percentage points lower than four quarters prior. Ten percent of lenders plan to actually reduce their current interest rate spreads and fee structures on all size loans, which is three percent greater than the previous survey and a dramatic increase from an average of less than one percent during the six quarters prior to Q3 2009.

	3Q/2009			4Q/2009		
	Reduce	Maintain	Increase	Reduce	Maintain	Increase
Loans> $25 million	14%	50%	36%	18%	45%	37%
$15 – 25 million	8%	58%	34%	16%	49%	35%
$5-15 million	3%	56%	41%	4%	59%	37%
Under $5 million	3%	53%	44%	2%	59%	40%
Overall Average	7%	54%	39%	10%	53%	37%

16. The Fed and Interest Rates

Respondents were asked in what direction the Fed would move interest rates and by how much in the coming six months.

- An increasing percentage of respondents are forecasting an increasing interest rate environment. The percentage of lenders anticipating a 25 bps or more increase in interest rates increased to 53% (versus 44% in the prior quarter survey).

Bps Change	3Q/2009	4Q/2009
-More than 1.0	0%	0%
-1.0	0%	0%
-.75	0%	0%
-.50	0%	0%
-.25	1%	2%
0	56%	45%
+.25	27%	27%
+.50	13%	14%
+.75	2%	3%
+1.0	0%	7%
More than 1.0	2%	2%
Weighted Average	+ 16 basis points	+ 25 basis points

17. Current Competition

Respondents were asked to identify the segment of the industry from which they were experiencing the most competition.

- Nearly half – 48 percent – identified local commercial/community banks as the primary source of competition – as compared to 59 percent last quarter.

	3Q/2009	4Q/2009
Money Center Banks	14%	14%
Local Commercial/ Community Banks	16%	14%
Factors	3%	3%
Regional Banks	59%	48%
Commercial Finance Organizations	5%	16%
Other	3%	5%