Phoenix Management Services
"Lending Climate in America" Survey

2nd Quarter 2011
Summary, Trends and Implications

PHOENIX
"LENDING CLIMATE IN AMERICA"
QUARTERLY SURVEY

SUMMARY, TRENDS AND IMPLICATIONS

1. **Personal consumption expenditures rose 0.2% in March 2010 from the previous month (adjusting for inflation) putting them 1.8% above their prior year level. However, consumer confidence has been shaken by rising prices and recent events in Japan and the Middle East, which may point to slower spending in the months ahead. What is your expectation regarding consumer spending in the short term?**

   More than half of respondents, fifty seven percent, are concerned as rising energy costs will have a significant impact on practically all consumers and businesses and will erode margins and purchasing power. Seventeen percent are somewhat concerned as these geopolitical events will most assuredly have a ripple effect across the global economy. Fourteen percent are not concerned, as these geopolitical events will be smoothed out and will not cause a major setback to the positive economic trends over the recent past. Twelve percent of respondents are very concerned, as the U.S. economy is still very fragile with concerns in the labor and housing markets and these geopolitical events along with rising energy prices could cause a significant downturn in consumer confidence and corporate profitability.

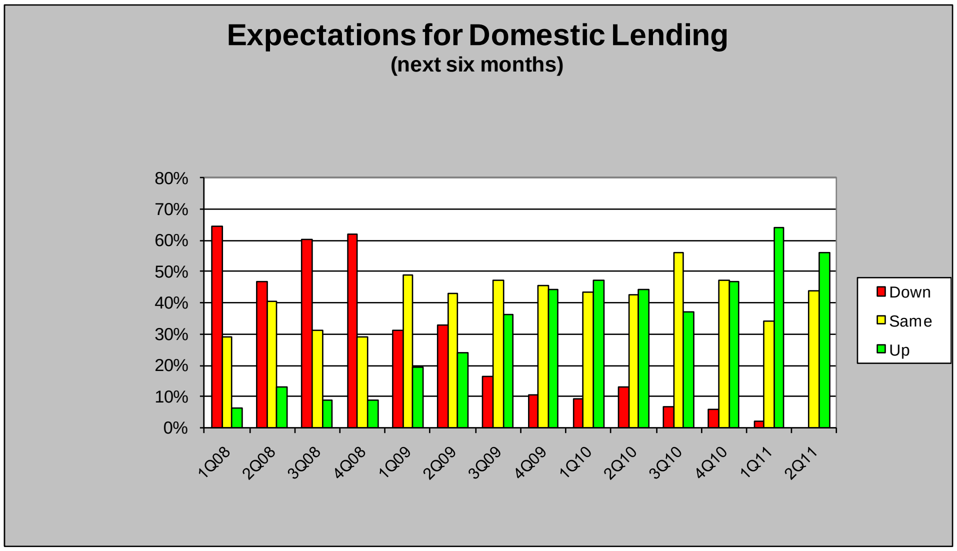
2. **The United States Dollar ("USD") is touching lows last seen in the summer of 2008. Policymakers have maintained that they would like a stronger dollar going forward, however this rhetoric has not prevented an 8% drop through Q1 2011. What is your opinion on the current status of the Dollar and its impact on the economy?**

   Thirty seven percent of lenders believe even if policymakers wanted to bolster the greenback, they have limited tools and odds of success right now. Thirty four percent believe the Federal Reserve needs to raise interest rates in order to combat inflationary fears. This decision will help turn around a lagging USD. Twenty nine percent opined that the decline in the USD effectively makes U.S. goods cheaper abroad, increasing demand for U.S. exports. As a result of stronger U.S. exports, the weaker dollar will help spur economic growth.

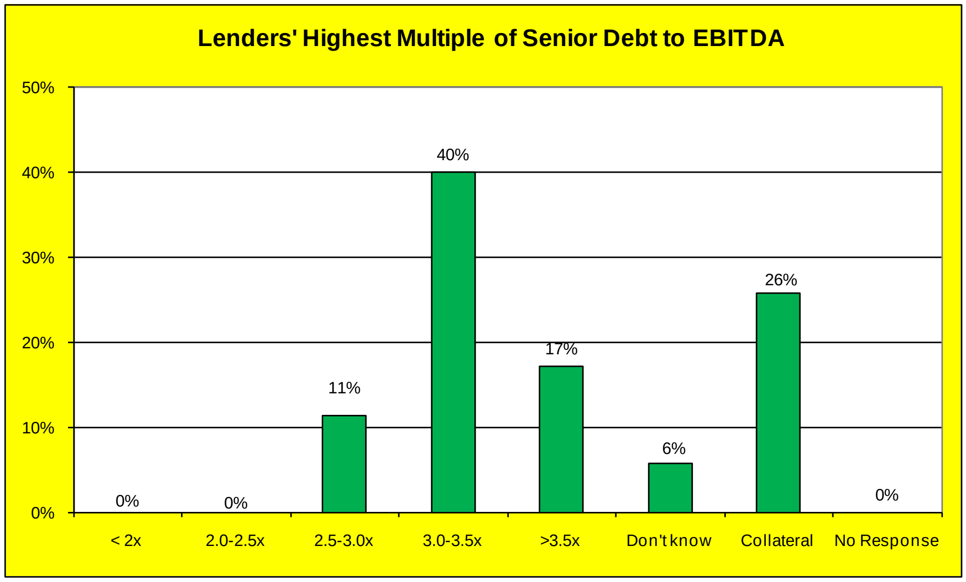
3. **Private equity sponsored initial public offerings ("IPO") are off to the best start since 2006. Approximately $19.5 billion has been raised by PE funds through March 2011, or about 44% of total IPO amounts. How do you feel about private equity sponsored IPO's in 2011?**

   Thirty seven percent of respondents believe the pace of private equity backed IPO's will increase throughout 2011 as event-driven global concerns subside. Thirty one percent think private equity groups are under pressure to turn over prior investments in the standard 5-7 year holding period and this will bolster IPO activity through the remainder of the year. Seventeen percent opined that the recent success in raising capital from IPO's will be short lived due to worsening economic conditions (quantitative easing ending, manufacturing and housing concerns, etc.) in the latter half of 2011. The remaining fifteen percent of lenders believe that despite a swift start through Q1 2011, private equity sponsored IPO's will display a decreasing trend throughout the year and finish on par with 2010 totals.

4. **Domestic lending expectations experienced a minor retreat in Q2 2011 versus the previous quarter.** The overall index for all domestic lending segments decreased by six percentage points in comparison to last quarter's survey. Respondents indicated that, on average for all domestic lending categories; fifty six percent have expectations for increased loan demand (versus sixty four percent in the prior quarter). All three domestic lending categories in the survey which includes Corporate, Middle Market, Small Business showed minor pullbacks in overall lending sentiment compared to Q1 2011.



5. **Senior Debt to EBITDA multiples continue to trend higher compared to the previous survey.** Forty percent of lenders indicated their financial institution would consider a loan request with a Senior Debt to EBITDA multiple as high as 3.0-3.5x, up seventeen percentage points from the previous survey. Seventeen percent of lenders indicated that they would consider a loan with senior leverage higher than 3.5x, which is four percentage points higher than in Q1 2011. Eleven percent opined that their institution would only consider a loan request with a leverage ratio of 2.5-3.0x, eight percentage points lower than in the previous quarter. The percentage of lenders which indicated they are collateral lenders and do not utilize cash flow as a lending metric totaled twenty six percent; one percentage point higher than the previous survey. There were no respondents which indicated they would only do a loan with senior leverage less than 2.5x. The remaining six percent answered "Do Not Know" in response to the question.

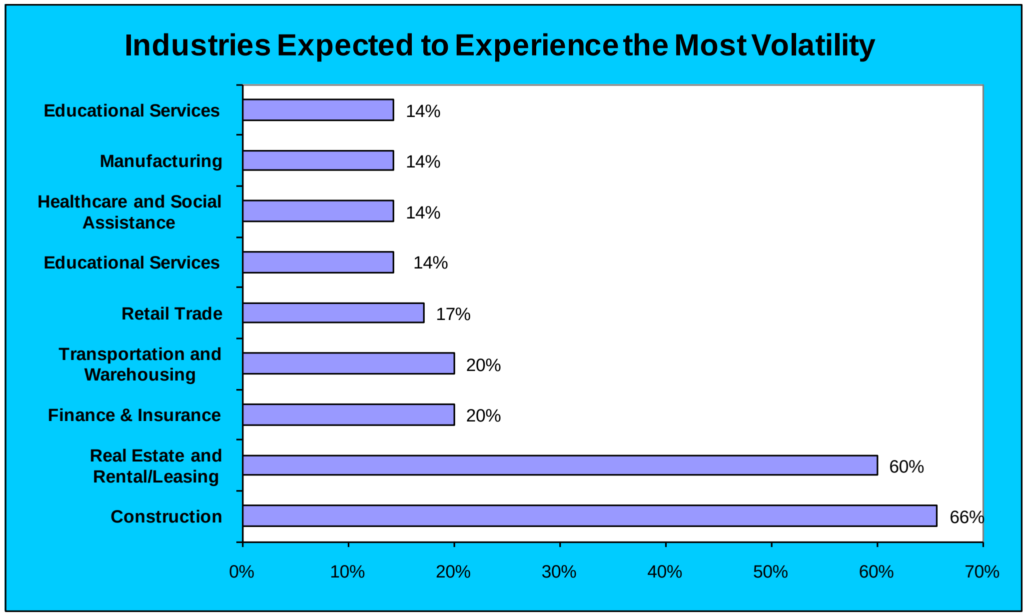


6. **Nearly half (forty six percent) of the respondents believe their institution's senior debt to EBITDA ratio will experience no change in the next six months compared to fifty percent that shared the same sentiment last quarter.** Fourteen percent of respondents believe that the highest senior debt to EBITDA multiple will increase greater than 0.5x (up six percentage points from the previous quarter), while eleven percent anticipate the multiple will increase less than 0.5x over the next six months (down by ten percentage points from the previous quarter). Only three percent of respondents suggested that the multiple would decline at their financial institution over the next six months (four percent in the previous quarter). Twenty three percent of respondents indicated they were collateral lenders and did not specifically focus on that multiple (fifteen percent in the previous survey). The remaining three percent of lenders responded that they did not know which direction their financial institution was headed in the near term.

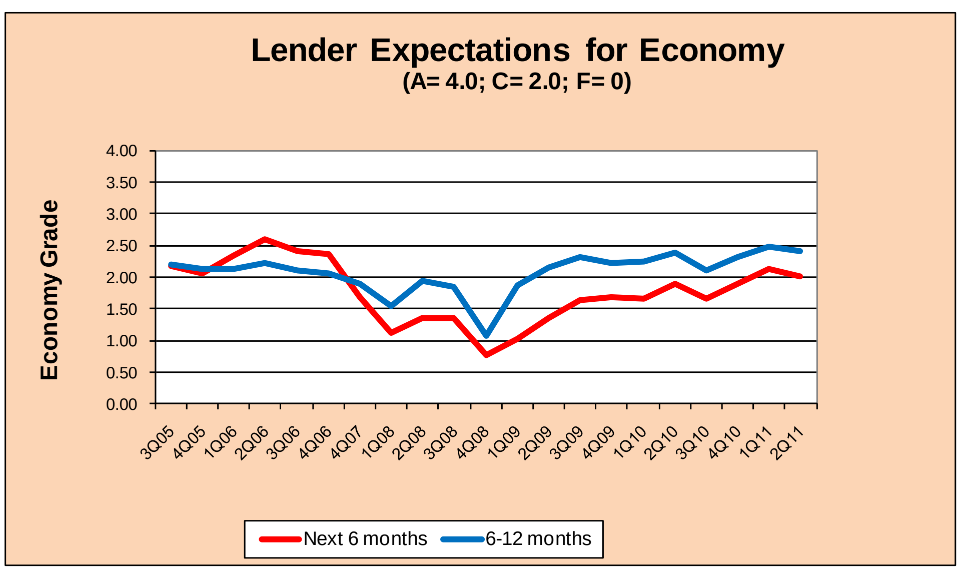
7. **For the second straight quarter, "Unstable Energy Prices" was the chief concern as potentially having the strongest impact on the economy in the short term.** When asked to choose two factors that could have the strongest potential to affect the economy in the next six months, an overwhelming ninety one percent chose unstable energy prices as having the greatest potential, which is higher by forty five percentage points from the previous survey. Forty nine percent believe the continuing sluggish housing market to have the strongest impact on the economy, seven percentage points higher than Q1 2011. Thirty-seven percent are concerned that the increasing U.S. budget deficit could have the greatest impact on the economy in the next six months, unchanged from the previous quarter. Three percent chose constrained liquidity in the capital markets as potentially having the strongest impact on the economy, which is lower by sixteen percentage points from the previous quarter. Only three percent respondents believe the stability of the stock market could have the biggest impact on the economy in the next six months.

8. **For the fourth consecutive quarter, respondents anticipate the Construction industry to experience the most volatility in the next six months**. When asked to identify three industries that will experience the most volatility in the next six months, sixty six percent chose the Construction industry as likely to experience the most volatility. Sixty percent of lenders chose the Real Estate and Rental/Leasing industry.

These two industries were the top two responses in the previous survey. Twenty percent of respondents chose both the Finance and Insurance and Transportation and Warehousing industries as the most volatile industries. Seventeen percent believe the Retail Trade industry will experience the most volatility in the next six months. Fourteen percent believe that the following four industries will experience significant volatility over the next six months: Educational Services, Manufacturing, Healthcare & Social Assistance and Educational Services.

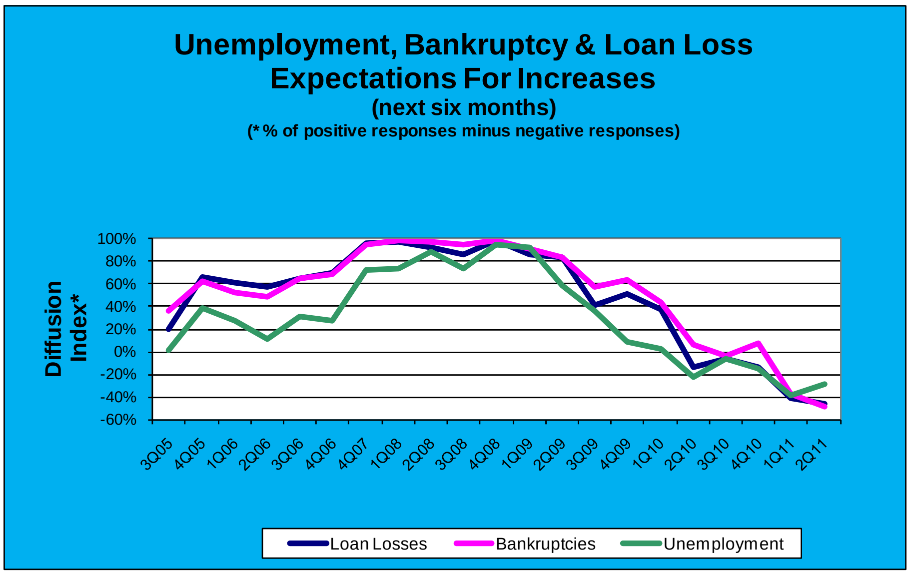


9. **Sixty nine percent of respondents' customers anticipate making new capital investments in the next six months (up eleven percentage points from the previous survey).** Fifty four percent responded their customers are planning on making an acquisition; higher by twelve percentage points from the previous quarter. Forty six percent also anticipate their customers to introduce new products or services in the next six months; four percentage points higher than in Q1 2011. Forty six percent believe their customers will hire new employees during the next six months which is eight percentage points higher than in the previous quarter. Twenty nine percent believe their customers will enter new markets in the near term while twenty six percent expect their customers to begin to raise new capital. Three percent believe their customers will conduct "Other" activities in the near term.

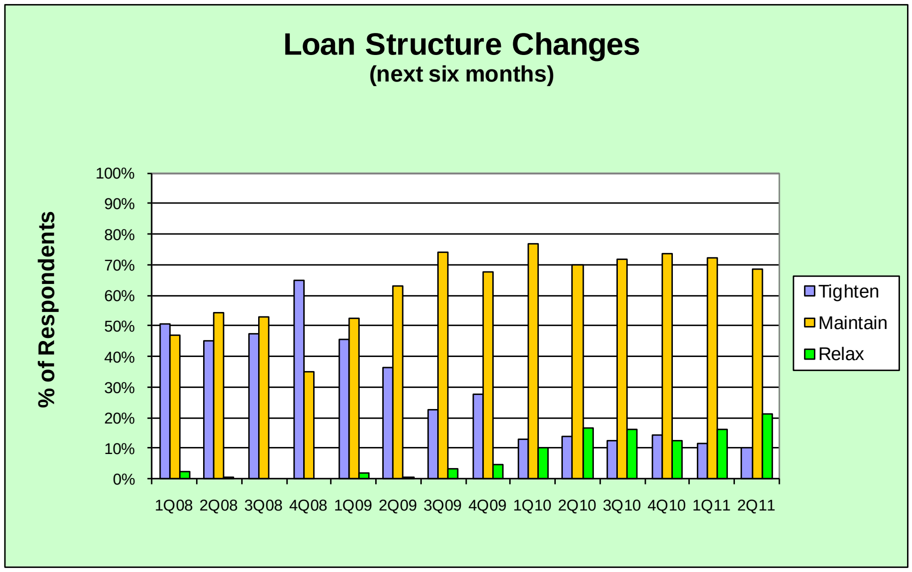


10. **Lenders expectations for the economy's growth expectations remained relatively unchanged for the next six to twelve months compared to the previous survey.** Lenders expect the economy to perform at a "C" level for the next six months, which is similar sentiment from the previous survey. Growth expectations beyond the six month time horizon are more optimistic as nearly half the respondents believe the economy will be performing at a "B" grade or better.

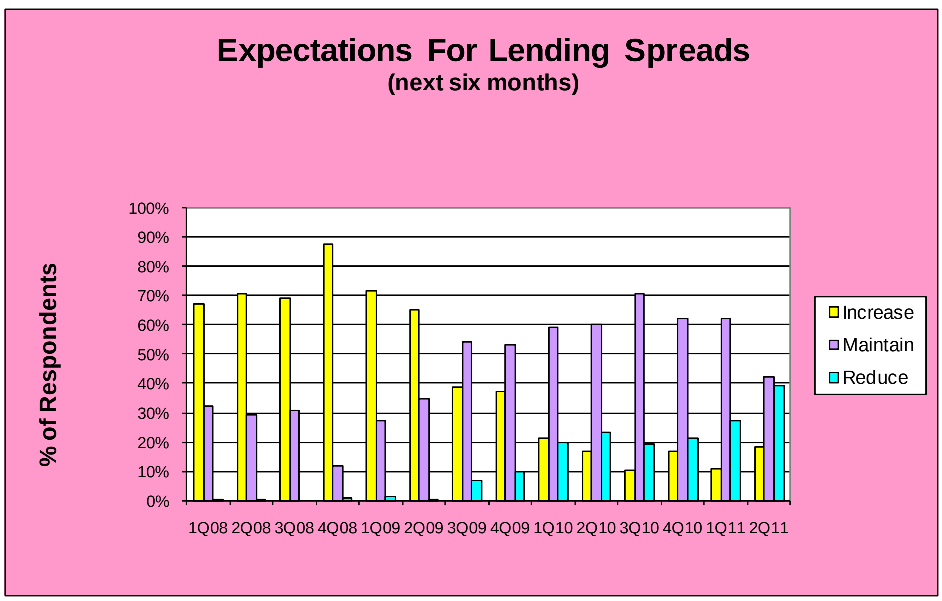
11. **Lenders expectations of macroeconomic indicators generally improved compared to the previous quarter.** Lenders expectations towards loan losses improved by five percentage points on the diffusion index from growing sentiment that loan losses will decrease in the near term. Expectations of an increase in bankruptcies fell dramatically, as sixty three percent of respondents believe the number of bankruptcies will decrease in the near term compared to forty three percent in the previous quarter. However, expectations regarding unemployment declined as eleven percent of respondents believe the rate of unemployment will increase in the near term compared to only six percent in the previous quarter.



12. **Lenders expect to relax their loan structures over the next six months.** The percentage of respondents planning to relax their loan structure increased to twenty one percent, four percentage points higher compared to the previous quarter. Lenders who expect to tighten their loan structures declined by two percentage points versus the previous quarter (ten percent in current survey versus twelve percent in Q1 2011). Sixty nine percent of lenders anticipate maintaining their loan structures in the next six months, three percentage points lower compared to the previous quarter.



13. **Lenders expecting to reduce their interest rate spread increased by twelve percentage points compared to the previous quarter.** Thirty nine percent of respondents (versus twenty seven percent in the previous quarter) anticipate easing lending spreads from their current levels. The percentage of lenders expecting to maintain their current spreads declined by twenty percentage points in comparison to the previous survey. Nineteen percent of lenders anticipate increasing their spreads in the next six months versus eleven percent in Q1 2011.



Phoenix Management Services
"Lending Climate in America"
2nd Quarter 2011

Survey Results

1. Consumer Spending Trends Higher Despite Fragile Consumer Confidence

Personal consumption expenditures rose 0.2% in March 2011 from the previous month, adjustment for inflation, putting them 1.8% above their year-earlier level. However, consumer confidence has been shaken by rising prices and recent events in Japan and the Middle East, which may point to slower spending in the months ahead. What is your expectation regarding consumer spending in the short term?

- Fifty seven percent are "Concerned" as rising energy costs will have a significant impact on practically all consumers and businesses and will erode margins and purchasing power.
- Seventeen percent are "Somewhat Concerned" as these geopolitical events will most assuredly have a ripple effect across the global economy.
- Fourteen percent are "Not Concerned" as these geopolitical events will be smoothed out and will not cause a major setback to the positive economic trends experienced over the recent past.
- Twelve percent are "Very Concerned" as the U.S. economy is still very fragile with concerns in the labor and housing markets and these geopolitical events, along with rising energy prices could cause a significant downturn in consumer confidence and corporate profitability.

2. Future Momentum for Private Equity sponsored IPO's

Private equity sponsored initial public offerings ("IPO") are off to the best start since 2006. Approximately $19.5 billion has been raised by PE funds through March 2011, or about 44% of total IPO amounts. It appears as though Q2 2011 is looking similarly robust as several offerings were delayed due to the natural disaster in Japan. How do you feel about private equity sponsored IPOs in 2011?

- Thirty-seven percent of lenders believe the pace of private equity backed IPO's will increase throughout 2011 as event-driven global concerns subside.
- Thirty one percent of respondents opined that private equity groups are under pressure to turn over prior investments in the standard 5-7 year time frame and this will bolster IPO activity through the remainder of the year.
- Seventeen percent believe the recent success in raising capital from IPO's will be short lived due to worsening economic conditions (quantitative easing ending, manufacturing and housing concerns, etc.) in the latter half of 2011.
- Fifteen percent believe that despite a swift start through Q1 2011, private equity sponsored IPO's will display a decreasing trend throughout the year and finish on par with 2010 totals.

3. Current Status of the U.S. Dollar and its impact on the Economy

The United States Dollar ("USD") is touching lows last seen in the summer of 2008. Policymakers have maintained that they would like a stronger dollar moving forward, however this rhetoric has not prevented an 8% drop in 2011. What is your opinion on the current status of the Dollar and its impact on the economy?

- Thirty seven percent of lenders believe even if policymakers wanted to bolster the greenback, they have limited tools and odds of success right now.
- Thirty four percent responded that the Federal Reserve needs to raise interest rates in order to combat inflationary fears. This decision will help turn around a lagging USD.
- The remaining twenty nine percent opined that the decline in the USD effectively makes U.S. goods cheaper abroad, increasing demand for U.S. exports. As a result of stronger U.S. exports, the weaker Dollar will help spur economic growth.

4. 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.

- Forty percent indicated their institution would consider a loan request with a leverage multiple as high as the 3.0x – 3.5x range (previous survey: 23 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: 25 percent).
- Seventeen percent of lenders opined their financial institution would consider a loan request with a leverage multiple of greater than 3.5x (previous survey: 13 percent).
- Eleven 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: 29 percent).
- The final six percent chose the response "Do Not Know" as their answer to the question.

5. 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 six percent indicated that the Senior Debt to EBITDA multiple will not change at their financial institution over the next six months (previous survey: 50 percent).
- Twenty three percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 15 percent).
- Fourteen percent conclude that the leverage multiple will increase greater than 0.5x during the next six months (previous survey: 8 percent).

- Eleven percent of lenders believe that the leverage multiple will increase less than 0.5x during the next six months (previous survey: 21 percent).

- Three percent conclude that the leverage multiple will decrease less than 0.5x during the next six months (previous survey: 0 percent).

- Three percent chose the response "Do Not Know" as their answer to the question.

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.

- Ninety one percent concluded that unstable energy prices have the strongest potential to affect the economy during the next six months (previous survey: 56 percent).

- Forty nine percent designated the housing market as the factor with the strongest potential to affect the near-term economy (previous survey: 42 percent).

- Thirty seven 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: 37 percent).

- Three percent indicated constrained liquidity in the capital markets as the factor with the strongest potential to affect the near-term economy (previous survey: 19 percent).

- Three percent opined that the stability of the stock market has the strongest potential to affect the economy during the next six months (previous survey: 17 percent).

- Three percent chose "Other" factors as having the strongest potential to affect the economy during the next six months (previous survey: 15 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 six percent designated the Construction industry as the industry expected to weather the greatest volatility in the near-term (previous survey: 63 percent).

- Sixty percent responded that the Real Estate and Rental/Leasing industry would experience the most volatility during the next six months (previous survey: 44 percent).

- Twenty percent of respondents believe the Finance and Insurance industry will experience the greatest volatility over the next six months (previous survey: 21 percent).

- Twenty percent of lenders opined that the Transportation and Warehousing industry will experience the most volatility over the next six months (previous survey: 10 percent).

- Seventeen percent believe the Retail Trade industry would experience the most volatility over the next six months (previous survey: 23 percent).

- Fourteen percent of respondents chose the Healthcare and Social Assistance industry to experience the greatest volatility (previous survey: 29 percent).

- Fourteen percent of lenders believe the Manufacturing industry to experience the greatest volatility (previous survey: 19 percent).

- Fourteen percent chose the Accommodation and Food Service industry to experience the greatest volatility (previous survey: 12 percent).

- Fourteen percent of lenders believe the Educational Services industry will experience the greatest volatility (previous survey: 10 percent).

- Eleven percent of respondents believe the Public Administration industry will experience significant volatility in the next six months (previous survey: 23 percent).

- The balance of the industry choices registered ten percent or less 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.

- Sixty nine percent of lenders believe their customers will be making new capital investments (previous survey: 58 percent).

- Fifty four percent of lenders indicated their customers are planning on making an acquisition in the next six months (previous survey: 42 percent).

- Forty six percent of lenders believe their customers are planning on introducing new products or services (previous survey: 42 percent).

- Forty six percent of respondents indicated their customers plan on hiring new employees in the next six months (previous survey: 38 percent).

- Twenty nine percent responded their customers are planning on entering new markets in the near term (previous survey: 37 percent).

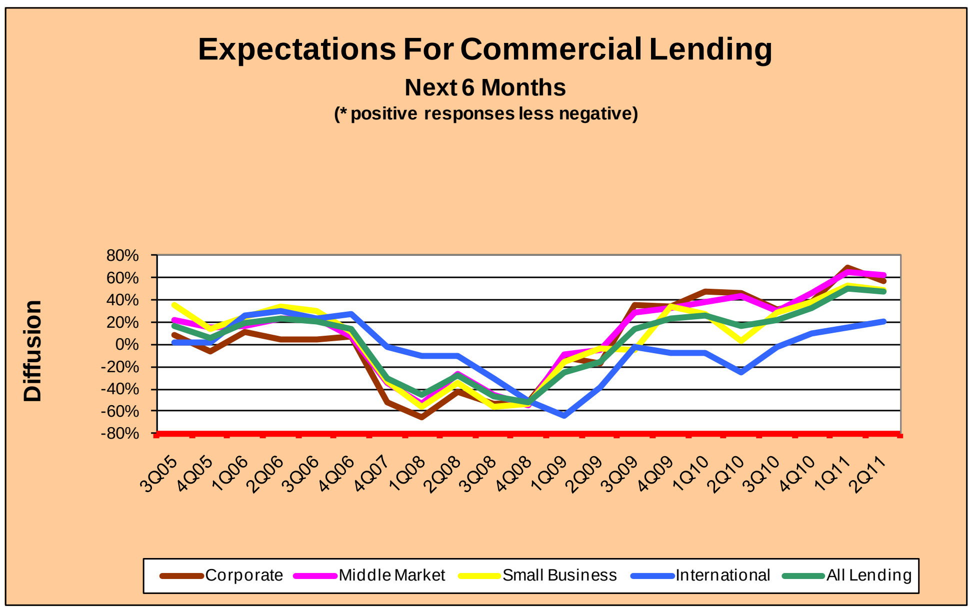
- Twenty six percent indicated their customers are planning on raising additional capital in the near-term (previous survey: 31 percent).

- The remaining three percent of lenders believe their customers are planning "Other" initiatives in the next six months (previous survey: 4 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.

- Overall sentiment regarding lending economic indicators was again optimistic as nearly half of the respondents believe the lending environment is improving compared to only one percent of all respondents who believe the lending environment is worsening. Although positive, the overall lending diffusion index for all lending categories was down slightly by three percentage points in comparison to the previous quarter. The diffusion index for all domestic lending segments equaled positive 56 percentage points – a decrease of six percentage points versus last quarter. Corporate, Middle Market and Small Business lending expectations all experienced slight declines from the previous survey; as Corporate lending decreased by twelve percentage points and Middle Market and Small Business lending increased by two and four percentage points, respectively. Expectations for International lending yielded an increase from the previous quarter, rising five percentage points in the diffusion index.



	2Q/2011			1Q/2011		
	Up	Down	Same	Up	Down	Same
Corporate Lending	57%	0%	43%	71%	2%	27%
Middle Market Lending	63%	0%	37%	67%	2%	31%
Small Business Lending	49%	0%	51%	55%	2%	43%
International Lending	26%	6%	68%	25%	10%	65%

- A majority of the macroeconomic indicators yielded positive trends as loan losses and bankruptcies continued to exhibit signs of expected improvement in comparison to the previous survey. Concerns regarding unemployment continue to resonate as the diffusion index declined by ten percentage points versus the previous quarter. Expectations of interest rate increases rose in the current survey as fifty seven percent of lenders believe rates will increase in the near term compared to fifty three percent in the previous quarter.

	2Q/2011			1Q/2011		
	Up	Down	Same	Up	Down	Same
Loan Losses	11%	57%	32%	10%	51%	39%
Bankruptcies	14%	63%	23%	6%	43%	51%
Interest Rates	57%	0%	43%	53%	0%	47%
Unemployment	11%	40%	49%	4%	19%	77%

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.

- Respondents voiced a less favorable outlook on the near-term performance of the U.S. economy versus sentiment in the previous quarter. The percentage of respondents who expect the economy to perform at a "B" level or better during the next six months declined by nine percentage points from twenty three percent in Q1 2011 down to only fourteen percent in the current quarter. The percentage of lenders who believe the economy will languish at a "D" level or worse declined by four percentage points from the previous survey (14 percent in Q2 2011 versus 10 percent in Q1 2011).

Grade	2Q/2011	1Q/2011
A	0%	0%
B	14%	23%
C	72%	67%
D	14%	10%
F	0%	0%
Weighted Average Grade	2.00	2.13

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 declined compared to the previous survey, from a weighted average input of 2.40 in the current survey compared to a grade of 2.48 in Q1 2011. Although forty nine percent of lenders believe the economy will perform at a "B" level compared to only thirty eight percent in the previous survey, zero percent of respondents believe the economy will perform at an "A" level in the "out six months" versus eight percent in the previous survey.

Grade	2Q/2011	1Q/2011
A	0%	8%
B	49%	38%
C	43%	50%
D	8%	2%
F	0%	2%
Weighted Average	2.40	2.48

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 six months to one year was declined from the previous survey at eighty percent (85 percent in Q1 2011). In the previous survey, six percent of respondents were convinced that their customers have "strong" growth expectations for the next six months to a year compared to nine percent in the current survey. Lenders expectations of their customers experiencing "no growth" increased by two percentage points compared to the previous quarter.

Indication	2Q/2011	1Q/2011
Very Strong	0%	0%
Strong	9%	6%
Moderate	80%	85%
No Growth	11%	9%

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.

- According to the survey results, sixty nine percent of lenders anticipate maintaining their loan structures in the near-term loan structures, three percentage points less than expectations in the previous quarter. Lenders who believe that loan structures would tighten in the near-term decreased by two percentage points to ten percent down from twelve percent in the previous quarter. Those lenders who expect to relax their loan structures increased by five percentage points to twenty one percent in the current quarter.

	2Q/2011			1Q/2011		
	Tighten	Maintain	Relax	Tighten	Maintain	Relax
Loans> $25 million	13%	64%	23%	12%	71%	16%
$15 – 25 million	13%	71%	16%	13%	70%	17%
$5-15 million	6%	73%	21%	10%	77%	13%
Under $5 million	9%	67%	24%	11%	70%	19%
Overall Average	10%	69%	21%	12%	72%	16%

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.

- Forty two percent of respondents plan to maintain their current interest rate spreads and fee structures on all sizes of loans – down by twenty percentage points from the previous quarter. Thirty nine percent of lenders agreed that they intend on reducing their spreads in the near-term; a twelve percentage point increase compared to the previous quarter. Lenders who anticipate increasing their interest rate spreads increased to nineteen percent, higher by 8 points from the previous quarter.

	2Q/2011			1Q/2011		
	Reduce	Maintain	Increase	Reduce	Maintain	Increase
Loans> $25 million	42%	45%	13%	35%	56%	8%
$15 – 25 million	52%	35%	13%	32%	57%	11%
$5-15 million	33%	45%	21%	19%	69%	13%
Under $5 million	30%	42%	27%	22%	65%	12%
Overall Average	39%	42%	19%	27%	62%	11%

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.

- Sixty five percent of respondents believe that the Fed will increase interest rates during the next six months, an expectation that is higher by twenty six percentage points compared to the previous quarter. Thirty five percent of lenders believe interest rates will remain unchanged in the coming six months versus the previous survey at fifty seven percent. No lenders believe that the Fed will decrease interest rates in the near-term versus four percent during last quarter's survey.

Bps Change	2Q/2011	1Q/2011
-More than 1.0	0%	0%
-1.0	0%	0%
-.75	0%	0%
-.50	0%	0%
-.25	0%	4%
0	35%	57%
+.25	35%	21%
+.50	27%	12%
+.75	0%	4%
+1.0	3%	2%
More than 1.0	0%	0%
Weighted Average	+ 25 basis points	+ 15 basis points

17. Current Competition

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

- Regional banks served as the primary source of competition at sixty two percent versus sixty five in the previous quarter. Money Center Banks served as the second highest source of competition at seventeen percent followed by Factors and Regional Banks both at nine percent. Commercial Finance Organizations came in as the lowest threat of competition at three percent of the vote.

	2Q/2011	1Q/2011
Money Center Banks	17%	12%
Local Commercial/ Community Banks	62%	65%
Factors	9%	12%
Regional Banks	9%	6%
Commercial Finance Organizations	3%	4%
Other	0%	2%