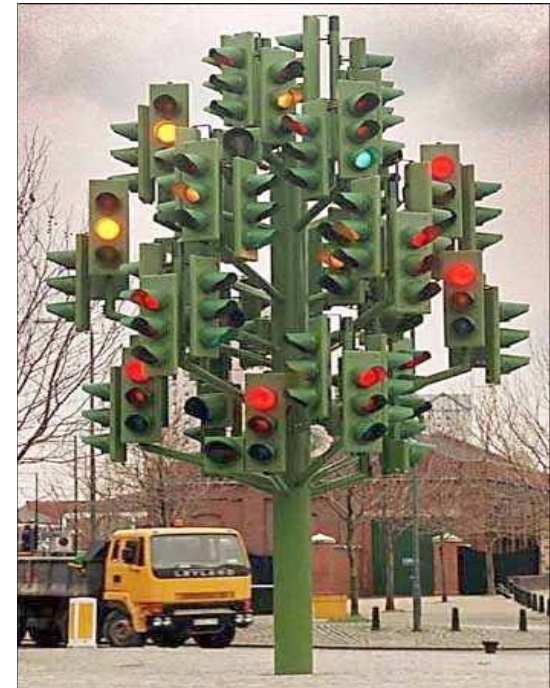

Liquidity Rebound?
What's the signal ...



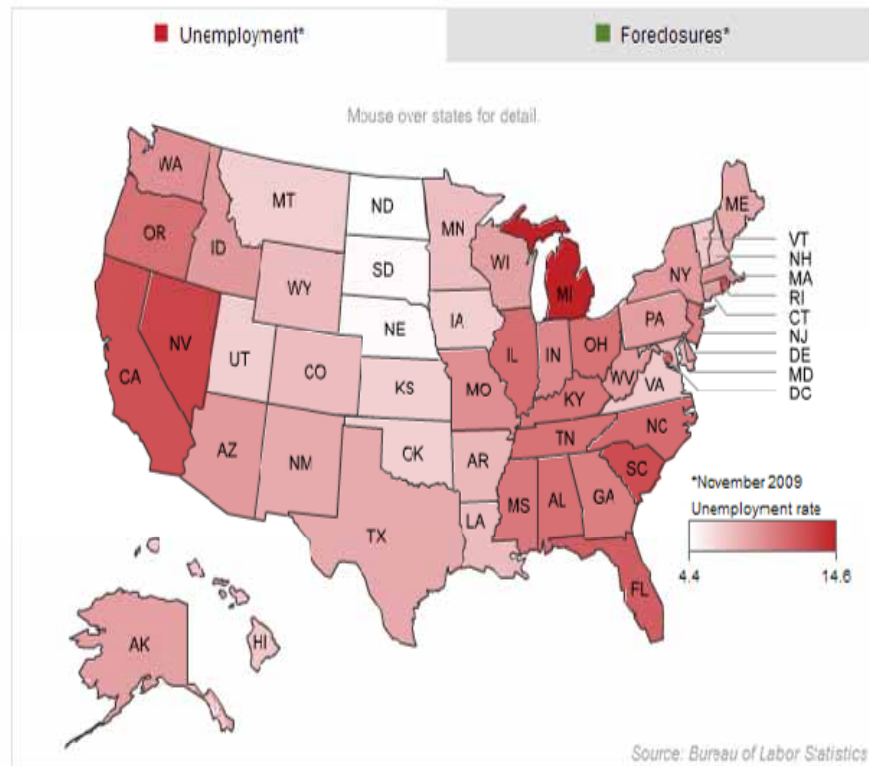
David Wiener

What DO we know?

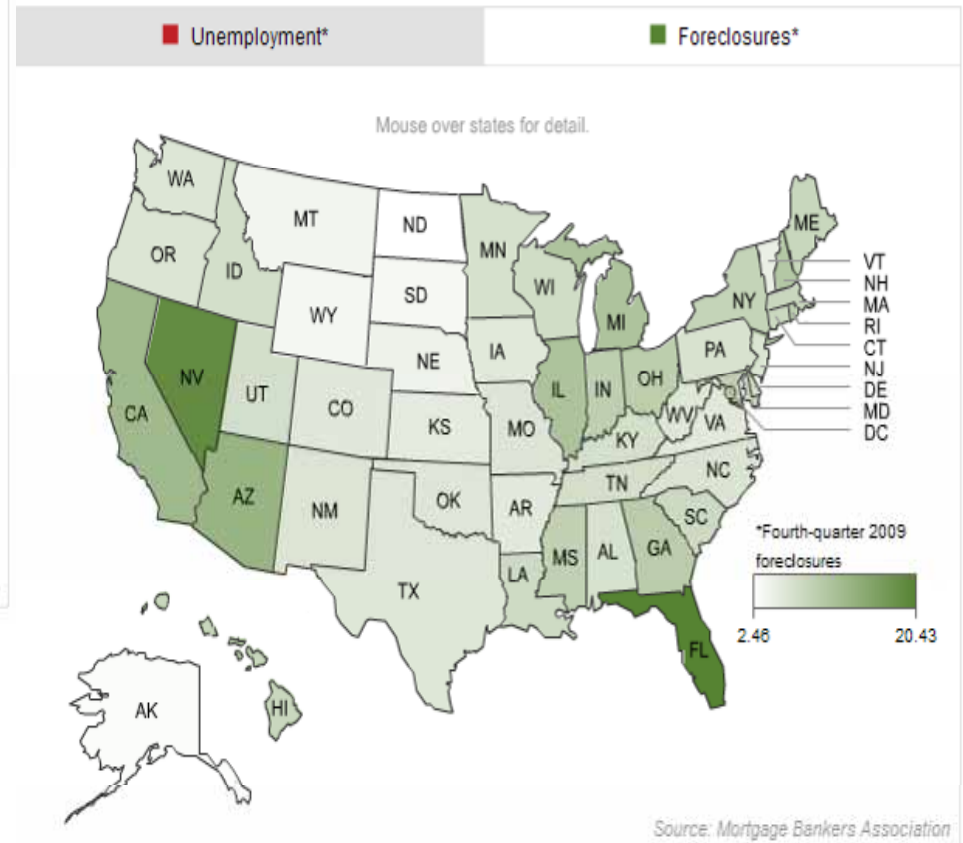


A picture by state ...

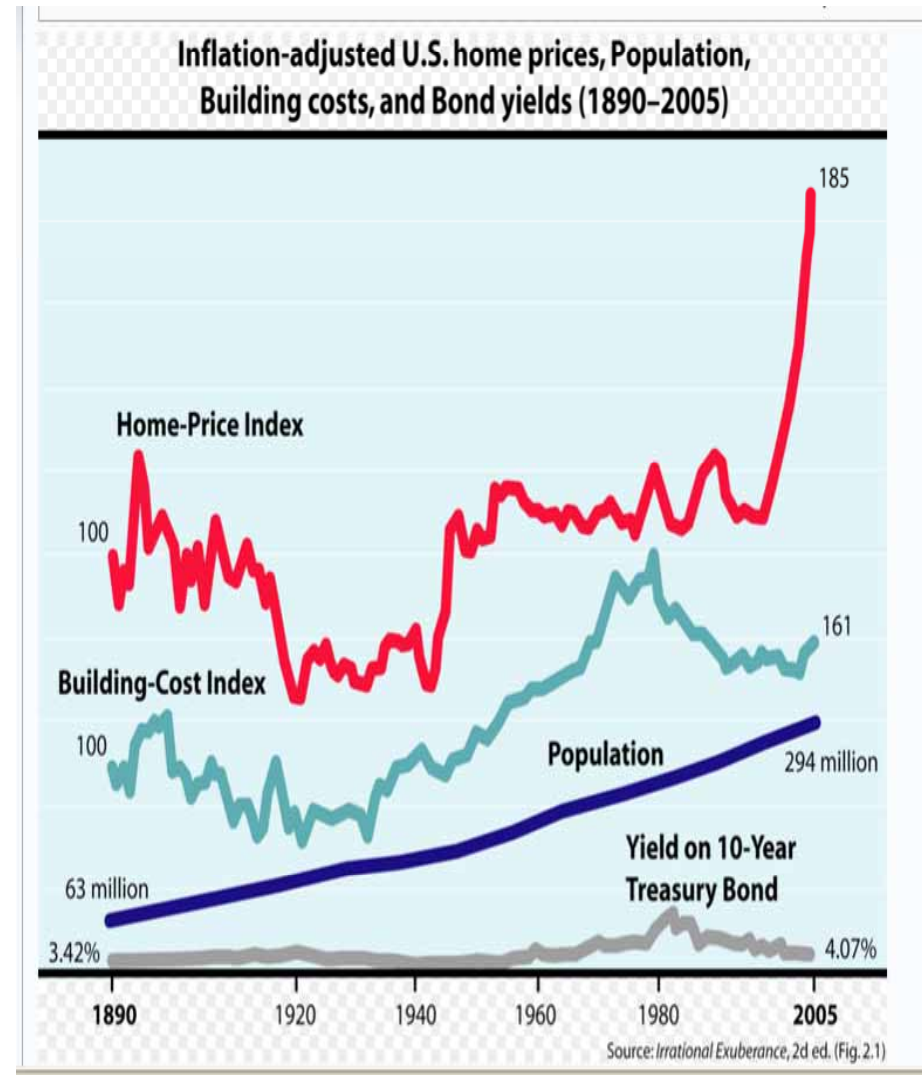
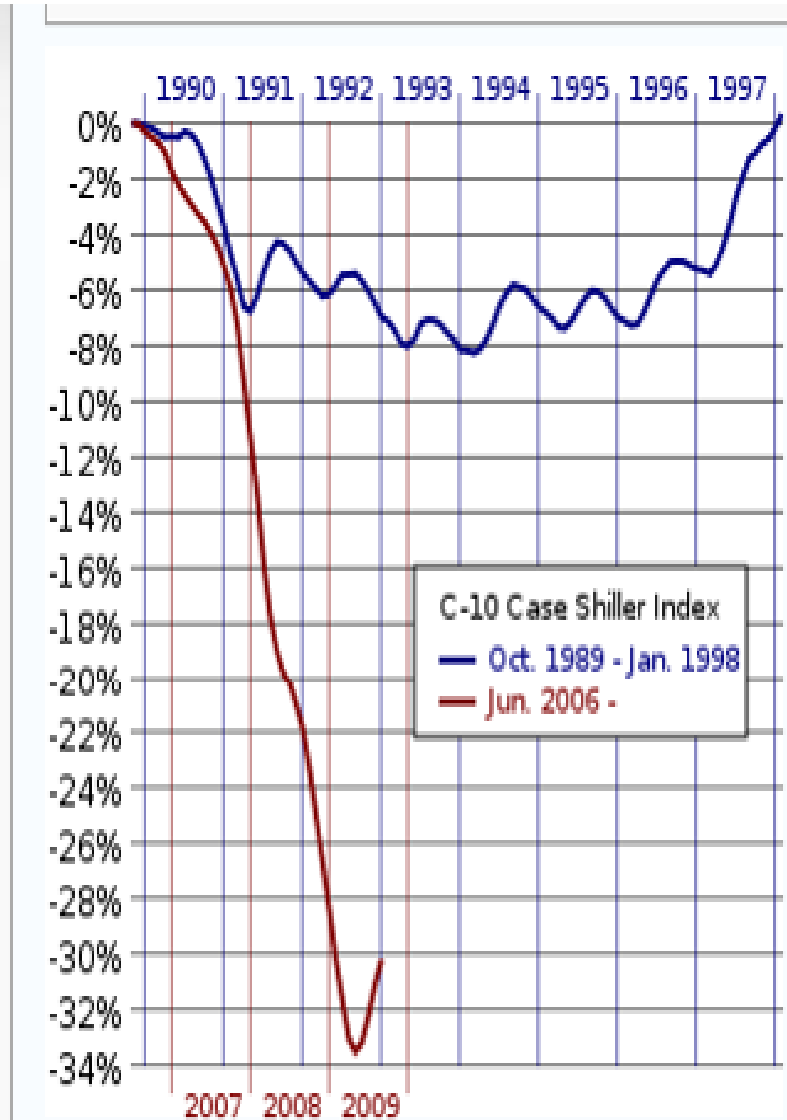
Rustbelt labor unemployment ...



Sunbelt home foreclosures ...



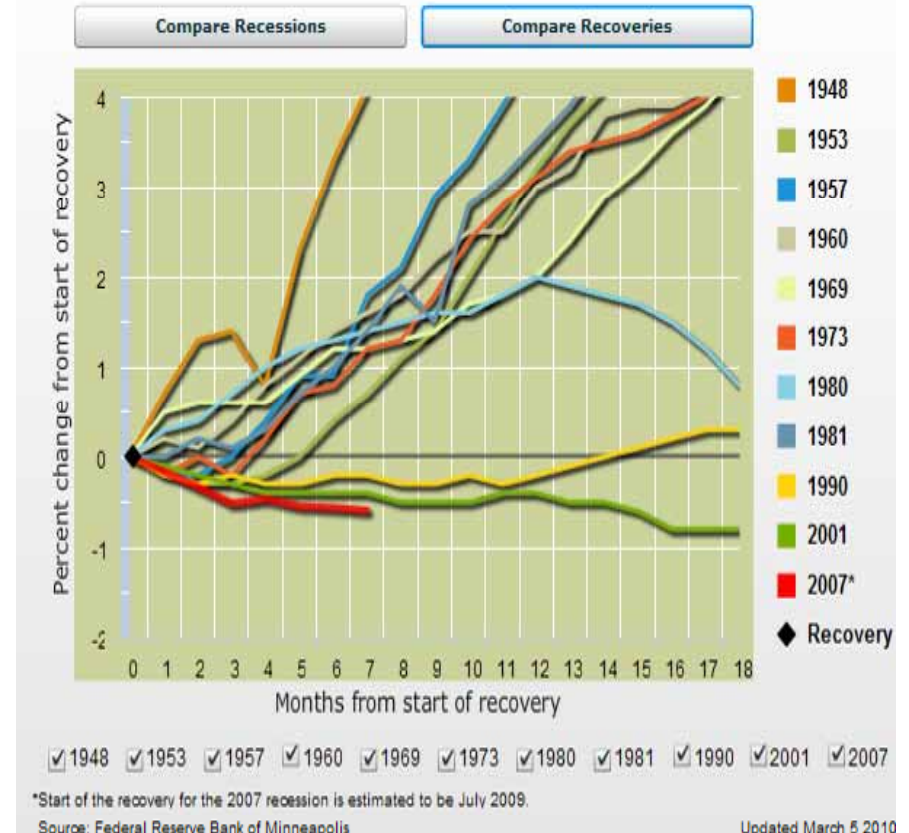
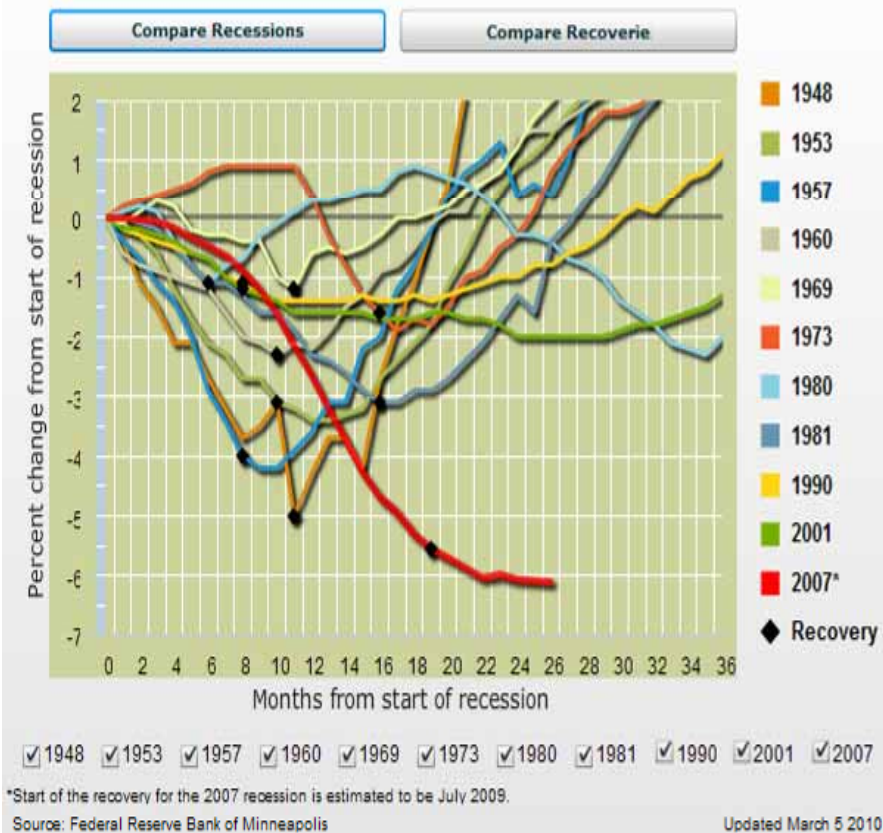
Housing ... a factor that lost its drive...



Drivers to future equipment demand: #1 Employment ...

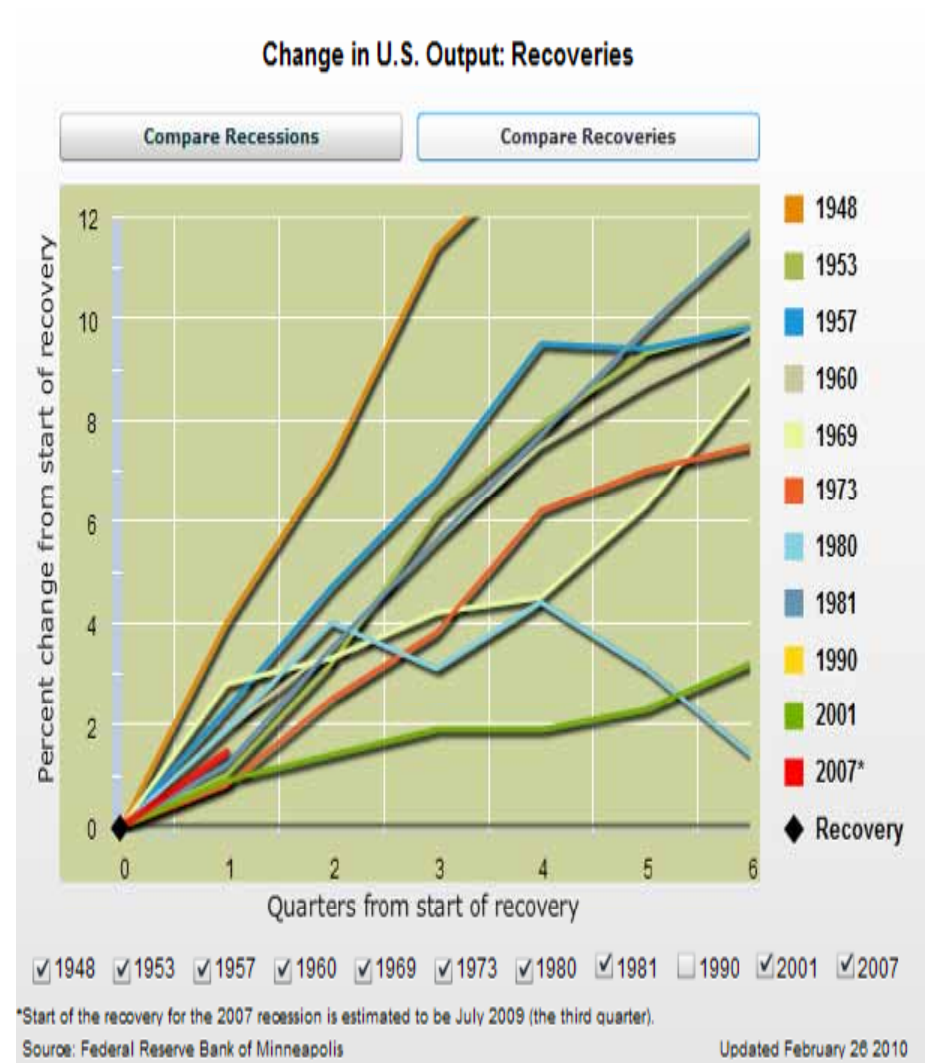
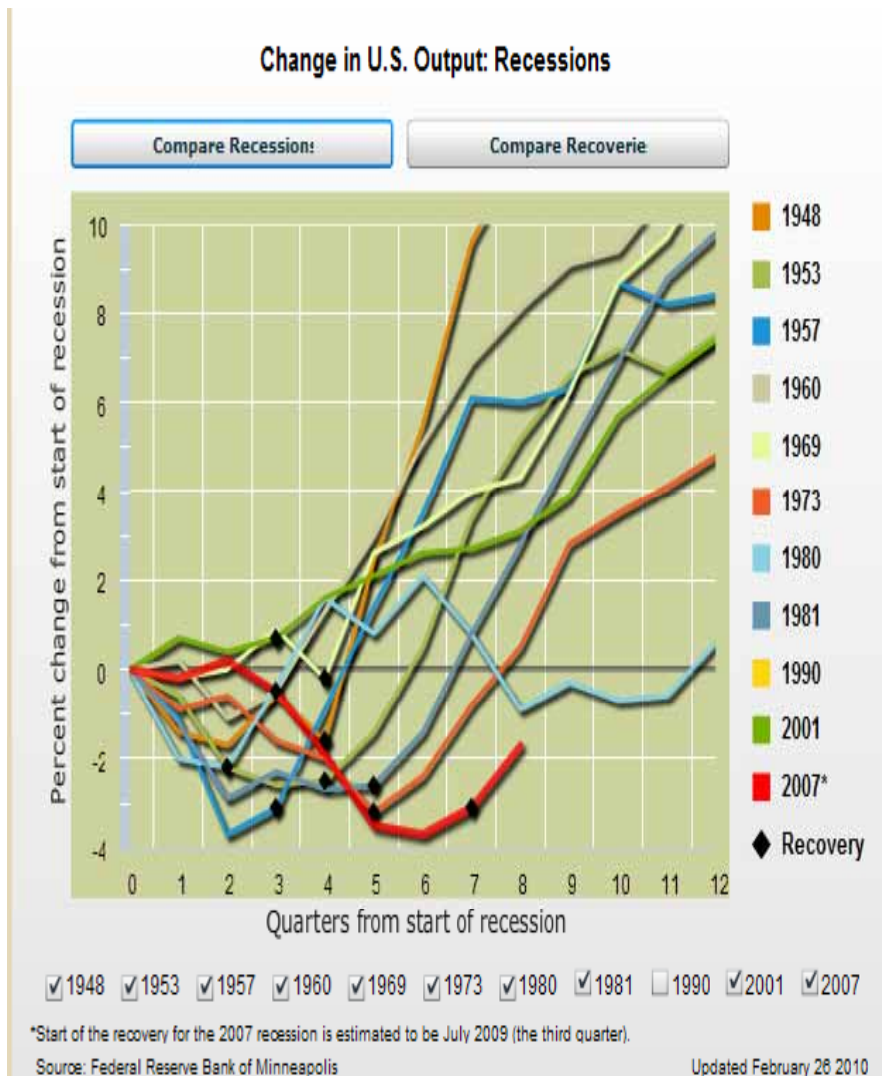
Change in U.S. Employment: Recessions

Change in U.S. Employment: Recoveries



Have people ... need tools ... acquire equipment

Drivers to future equipment demand: #2 Output ...



Have backlog ... need capacity ... acquire equipment

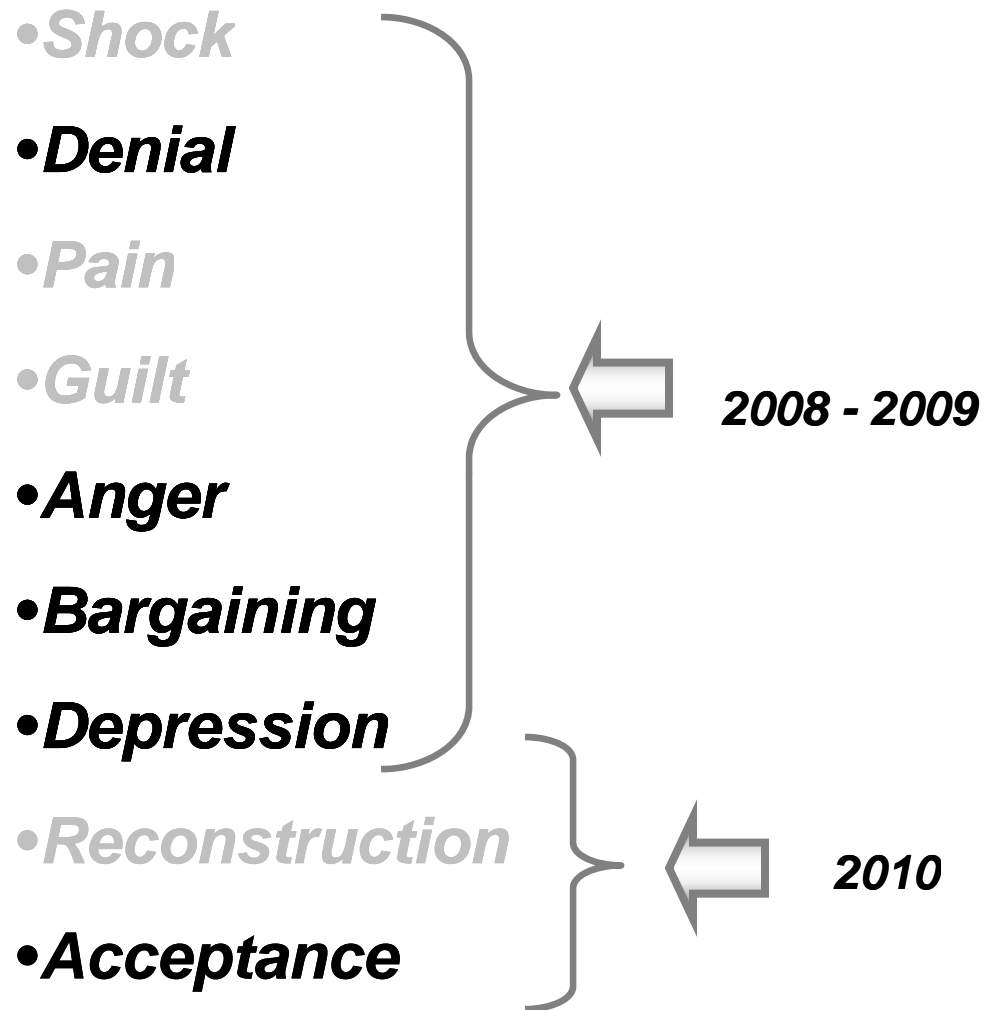
“Liquidity Illness ... Good Grief! - Where is YOUR business?”

STAGES OF GRIEF

Originally five by ...

Elisabeth Kubler-Ross
On Death & Dying
1969

*(Other psychologists
refined the grief list)*



Like bad news from the doctor ... business leaders can face a grieving process – THE GOOD ONES DO IT FAST

monitor

FOR THE EQUIPMENT LEASING & FINANCE PROFESSIONAL | WWW.MONITORDAILY.COM

NOV/DEC 2009
VOL. 36, NO. 6

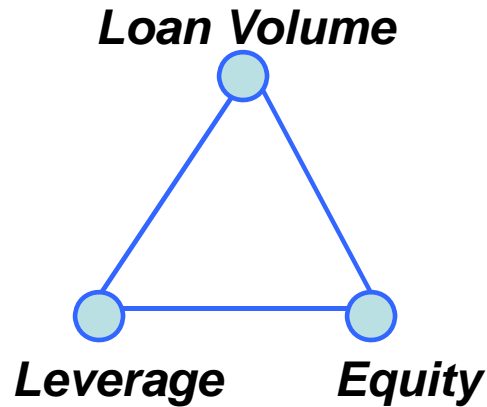
FROG-IN-A-KETTLE SYNDROME...

*Is the Current Environment
'Too Hot to Handle?'*

MONITOR EXCLUSIVE:
Monitor Chats With
PNC's Vince Rinaldi

ALSO INSIDE:
Seeking New Funding
Relationships? Prepare
for New Realities

Banking Tripod



	<u>Base Case:</u>	<u>\$10 million Loss</u>	<u>8:1 Leverage</u>	<u>Loss & Leverage</u>
Loan Assets	\$1,000,000,000	\$900,000,000	\$900,000,000	\$810,000,000
Liabilities	\$ 900,000,000	\$810,000,000	\$800,000,000	\$720,000,000
TNW	\$ 100,000,000	\$ 90,000,000	\$100,000,000	\$ 90,000,000
Bank Leverage:	9 : 1	9 : 1	8 : 1	8 : 1
Lending Capacity				
Delta:		(\$100,000,000)	(\$100,000,000)	(\$190,000,000)

1st CONSUMER Driven downturn since 1991

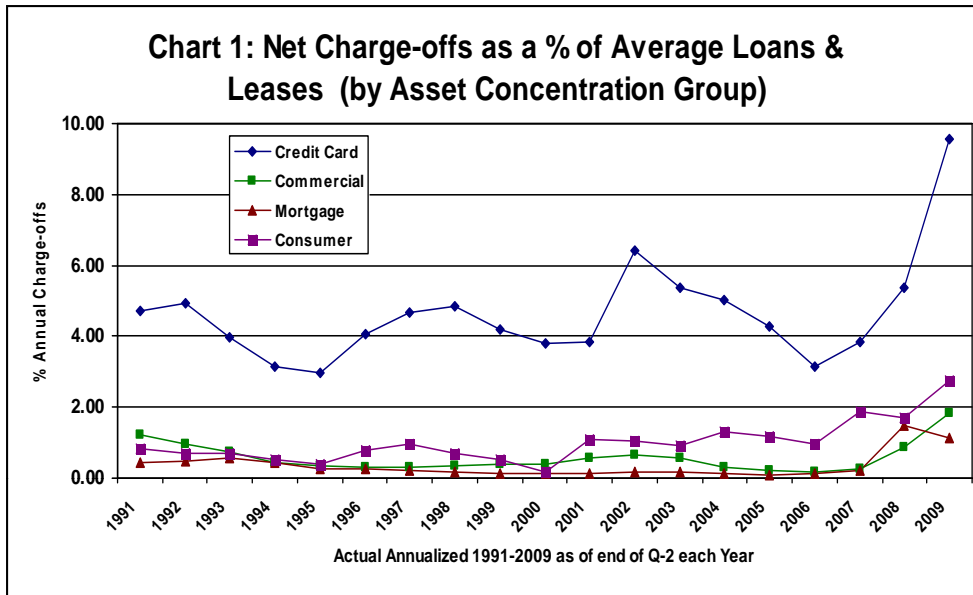


CHART 2a: FDIC Quarterly Banking Profile: Selected Charge-offs by Asset Concentration

Annualized Snapshot	Credit Cards	Commercial Loans	Home Mortgages	Consumer Loans	Data Importance
Q-2 1991 Actual	4.71%	1.23%	0.45%	0.83%	'91 Recession Peak
Q-2 2006 Actual	3.14%	0.17%	0.12%	0.94%	'06 Expansion Peak
Q-2 2009 Actual	9.57%	1.84%	1.13%	2.74%	'09 Current Recession Point

CHART 2b: FDIC Quarterly Banking Profile: 2009 Charge-offs: As a factor of Historical 1991 (Recession) & Historical 2006 (Expansion) Charge-offs

Q-2 2009	Credit Cards	Commercial Loans	Home Mortgages	Consumer Loans	Current 2009 Recession Point vs. :
Q-2 1991 Actual	2.0 X	1.5 X	2.5 X	3.3X	vs. '91 Recession Peak
Q-2 2006 Actual	3.0 X	10.8 X	9.4 X	2.9 X	vs. '06 Expansion Peak

Lending Constraints ... from Loan Write-downs

Chart 3: Constrained Lending Analysis: U.S. Only

<u>Capital Adequacy</u>	<u>Ratio</u>	<u>Factor</u>	<u>Times</u>	<u>Total Estim. Write-downs (2008-2010)</u>	<u>Eq.</u>	<u>Total U.S. Constrained Lending</u>
CONSERVATIVE: Banks: On-Book	10:1	10	x	\$2.7 Trillion	=	\$27 Trillion
PROBABLE: Including Off-Balance Sheet Instruments	13:1	13	x	\$2.7 Trillion	=	\$35 Trillion

Source: "Global Financial Crisis – Further Action Needed to Reinforce Signs of Market Recovery" by Peter Dattels & Laura Kodres, **IMF Monetary & Capital Markets Department IMF Survey Magazine: IMF Research**, April 21, 2009

Chart 4: Constrained Lending Analysis: World-wide

<u>Capital Adequacy</u>	<u>Ratio</u>	<u>Factor</u>	<u>Times</u>	<u>Total Estim. Write-downs (2008-2010)</u>	<u>Eq.</u>	<u>Total World-wide Constrained Lending</u>
CONSERVATIVE: Banks: On-Book	10:1	10	x	\$4.1 Trillion	=	\$41 Trillion
PROBABLE: Including Off-Balance Sheet Instruments	13:1	13	x	\$4.1 Trillion	=	\$53 Trillion

Source: "I.M.F. Puts Bank Losses From Global Financial Crisis at \$4.1 Trillion" by Mark Landler. New York Times April 22, 2009.

Liquidity Drought = the OPPOSITE of when it rains it pours ...

- **Financial Times**: February 19, 2010 **Obama to renew call for stricter capital levels.** “The Obama administration is set to renew its push for higher capital requirements for banks at home and internationally as the main thrust of regulatory reform ...”
- **Bloomberg**: February 23, 2010 **U.S. ‘Problem Banks Soar, Lending Drops FDIC says.** “U.S. ‘problem lenders’ climbed to the most in 17 years in the 4th quarter ... The FDIC included 702 banks with \$402.8 billion in assets on the confidential list as of 12/31/09, a 27% increase from 552 banks with \$345.9 billion in assets at the end of the 3rd quarter. ‘Problem’ banks account for 8.7% of all U.S. lenders... FDIC Chairman Sheila Baier said today at a Washington news conference, “Both the problem list and bank failures tend to lag behind the economic recovery.”

“Regulators are closing banks at the fastest pace since 1992, seizing 20 lenders through 7 weeks this year after shutting 140 institutions in 2009.”

- **Moody’s Investors Service**: March 12, 2010 **Many U.S. Banks Will Remain Unprofitable in 2010.** “We believe rated U.S. banks have recognized **45%** of the loan charge-offs that will be realized from **2008 to 2011** ... the remaining provisioning required to finish cleaning up balance sheets will make many U.S. banks unprofitable in 2010.”

So what happens?



A20 Monday, March 15, 2010 THE WALL STREET JOURNAL.

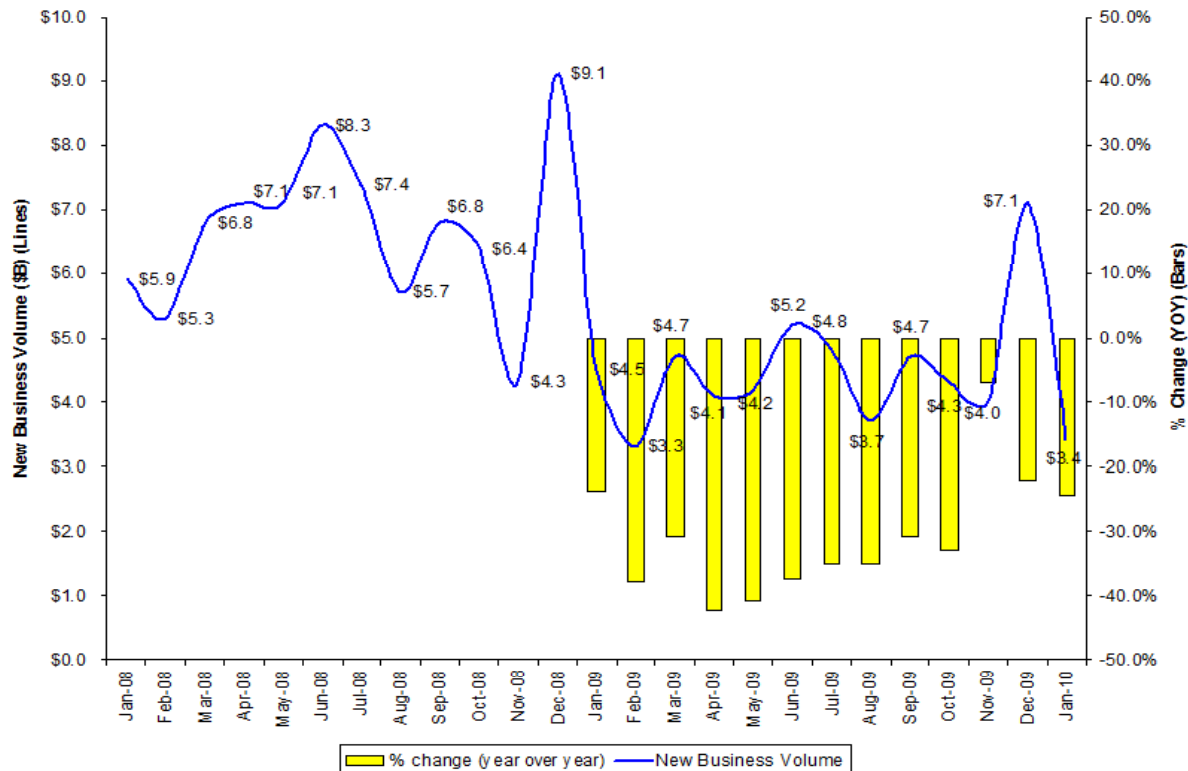
FROM PAGE ONE

Lending Squeeze Thwarts Revival of Small Businesses

Told you so!

Monthly Leasing Finance Index (“MLFI-25”) ...

MLFI-25 New Business Volume (Year Over Year Comparison)



MLFI-25 Participants

- ADP Credit Corporation
- Bank of America
- Bank of the West
- Canon Financial Services
- Caterpillar Financial Services Corporation
- CIT
- De Lage Landen Financial Services
- Dell Financial Services
- Fifth Third Bank
- First American Equipment Finance
- Great America
- Hitachi Credit America
- HP Financial Services
- John Deere Credit Corporation
- Key Equipment Finance
- Marlin Leasing Corporation
- National City Commercial Corp.
- RBS Asset Finance
- Regions Equipment Finance
- Siemens Financial Services
- Susquehanna Commercial Finance, Inc.
- US Bancorp
- Tygris Vendor Finance
- Verizon Capital Corp
- Volvo Financial Services
- Wells Fargo Equipment Finance

Customer *demand* down ...
... as is Liquidity *supply*

Courtesy: ELFA

Tatum Survey of Business Conditions



Tatum Survey of Business Conditions Summary

Tatum helps companies maximize the Office of the CFO with a singular focus on accelerating business performance to create more value. They are the largest Executive Services firm of its kind, with partners and principals in 37 offices across the country. Tatum surveys their nearly 1,000 Financial and Technology Executives to gain insight into the U.S. business climate. Over the time since this monthly assessments inception, they contend the survey to be proven accurate in predicting business conditions for the coming 30 to 60 days.

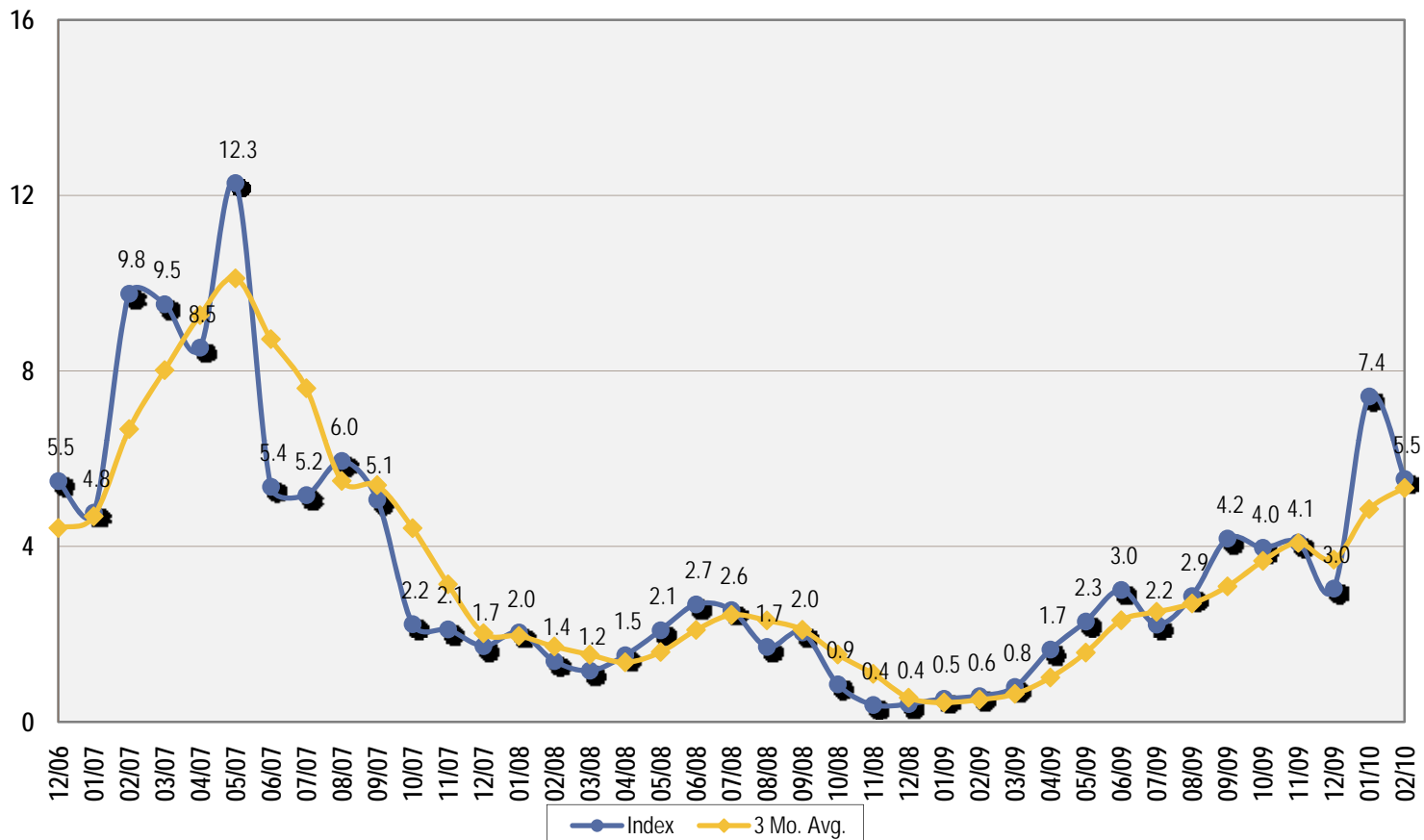


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Tatum helps companies maximize the Office of the CFO with a singular focus on accelerating business performance to create more value. They are the largest Executive Services firm of its kind, with nearly 1,000 partners and principals in 37 offices across the country.

Data contained in this presentation from Tatum Survey of Business Conditions is used with explicit permission of Tatum, LLC

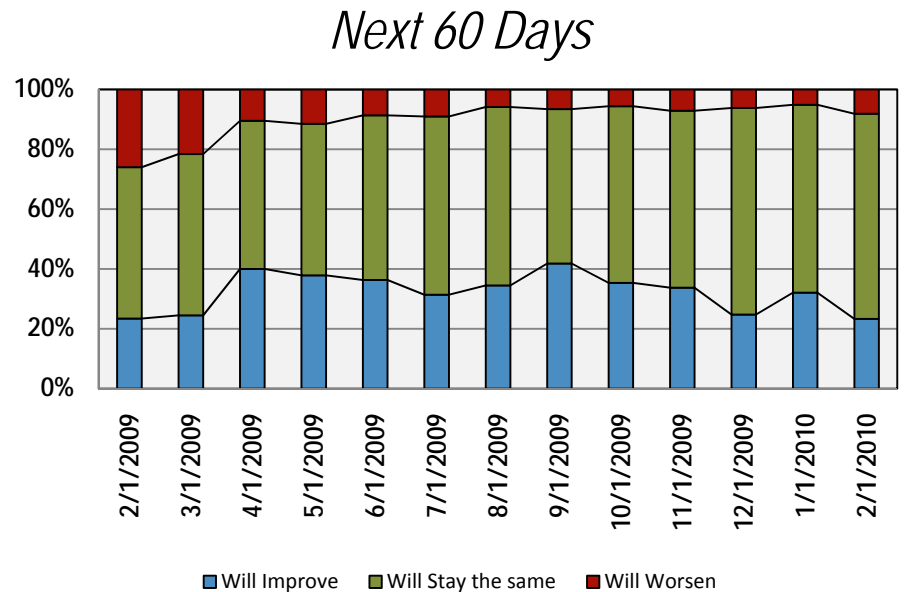
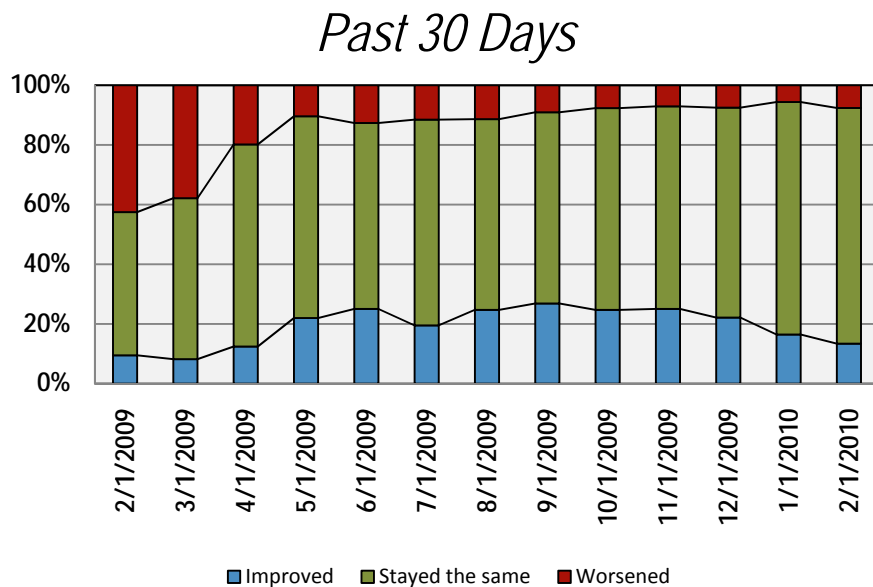
Tatum Index of Business Conditions



The **Tatum Index of Business Conditions** is a simple average of the ratio of their respondents who are reporting improvement versus those who are reporting a worsening in business conditions for the past 30 days and the next 60 days.

As of February 1st, the Tatum Index of Business Conditions fell to 5.54 from 7.42 in January. Notwithstanding the drop off from the near-spectacular heights of last month's reading, the Index is still at its highest level since August '07 (excluding January 2010).

Tatum – Capital Availability & Pricing



The past 30 days: The percentage of respondents indicating an improvement in financing conditions dropped from 16% to 13%. The percentage who indicated conditions worsened rose from 6% to 8%.

In the next 60 days: The percentage of the respondents who expect improvement in financing conditions in the next 60 days decreased from 32% to 23%. The percentage saying conditions will get worse rose from 5% to 8%.

“(The) negative responses support the typical findings being conveyed by research companies and the press. Liquidity remains tight for all but the most credit-worthy borrowers. While the threat of a meltdown in the commercial real estate industry has not materialized, it remains a concern, and banks with high real estate exposure are being forced by the regulators to remain extremely conservative in new or expanded loan commitments. The continuing low portion of respondents who expect financing conditions to improve remains a concern for the future of the recovery.”

Tatum – Survey Participation Demographics

Industry		Primary Geographic Markets		Geographic Regions Represented	
Manufacturing/Processing	22%	Local	10%	Pacific	28%
Service	20%	Regional	27%	Southeast	27%
Healthcare	14%	National	38%	Southwest	17%
Technology	12%	International	25%	Midwest	17%
Retail	6%			Northeast	11%
Government	5%				
Financial	5%				
Real Estate	3%				
Bio-Tech/Life Sciences	3%				
Construction	3%				
Other	7%				

Regions:

Strongest – Southeast

Weakest – Midwest

Markets Served:

Strongest – International

Weakest – Regional

Industries:

Strongest – Manufacturing / Health Care

Weakest – Retail

Company Size:

Strongest – Large

Weakest – Small

S – I – P – O – C

Suppliers – Input – Process – Output – Customers

Now the “**S**” (= Funder / Lender) is as important as the “**C**”

- **Be Loyal to your Lenders (Commitment !)**

It ain't worth quibblin' 'bout a 2% advance reduction or a 5 basis point cost-of-funds bump

- **Marry a Lender (Adoption / Merger !)**

- **Become a bank (Transformation !)**

- **Find new funding mediums (Pioneer !)**

SBA vehicles ... Insurance companies ... Community Banks ...

- **Know Thyself (Metrics !):**

Static Loss Pool ... 30 / 60 / 90 day delinquency ... Charge offs

- **Show Thyself (Full disclosure to funding partners)**

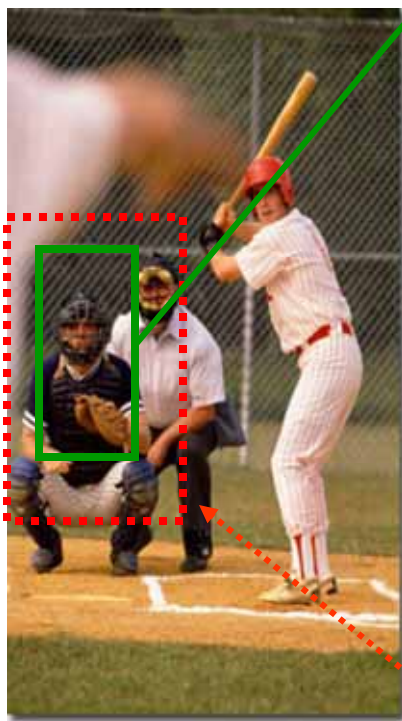
- **Improve Thyself (Policy ! ... Process ! ... Practice !)**

Say what you're going to do ... and go do what you say.

Placement Market Protocol ...

Originator **Deal Strike Zone** ... must be CLEAR

- Credit
- Term
- Transaction Size
- Structure
- Location
- Equipment Type
- Industry
- Price / Yield

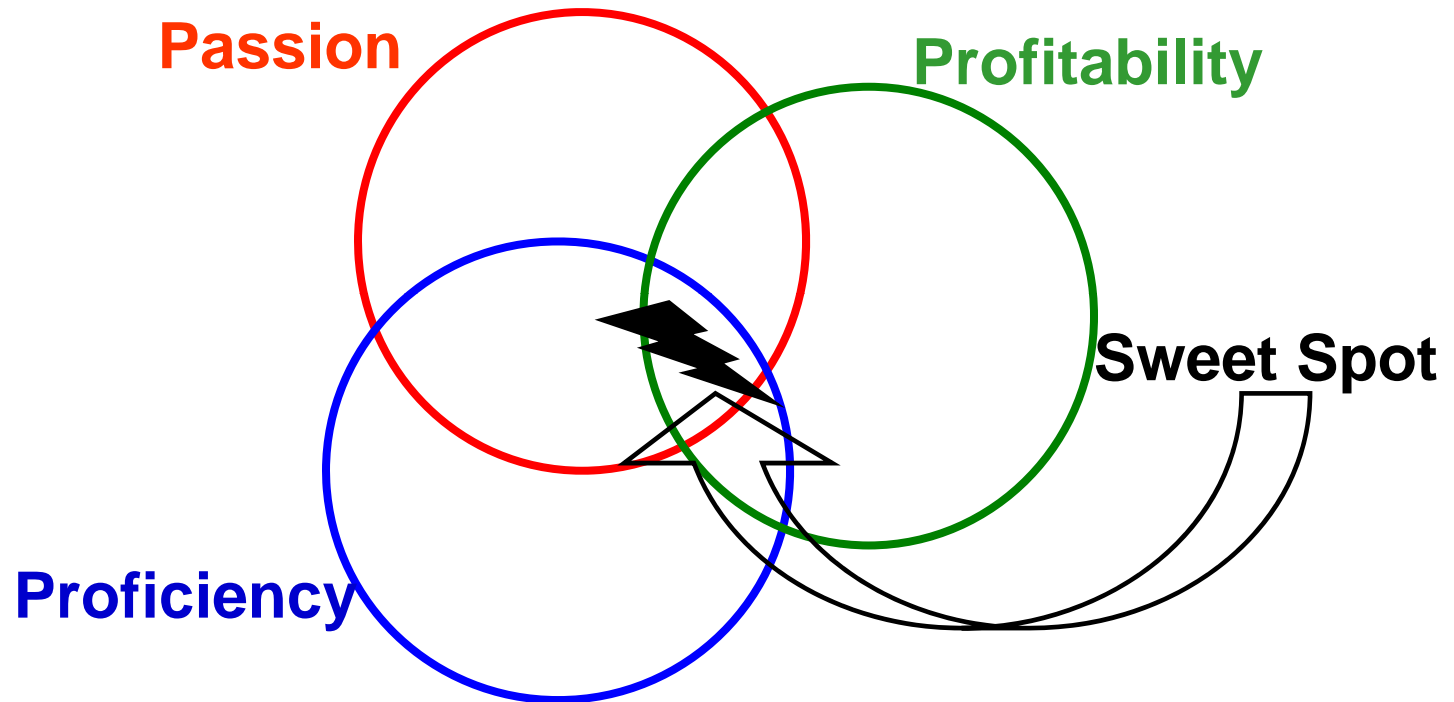


Seller Offering ... ground rules **to pitch a deal**

- Know your investor
- Deal control
- Clear transaction details
- More deals today are “right over the plate”
- **Careful when you “paint the line ...”**
- But no wild pitches! Don't hit the “batter” ...
You don't want to knock out your Lender

from Good to Great ... Hedge Hog Principle Revisited

Do **ONLY** what you do best



In conclusion ...

“ ... May you live in interesting times ... ”

A Chinese blessing or a Chinese curse?

'时势造英雄'

... a somewhat poor translation of ...

“PIN YIN SHI SHI ZAO YING XIONG”

Correct Translation ...

“Heroes (or leaders) are made over turbulent times.”

David Wiener

David Wiener has been respected in the disciplines of sales, credit, and capital markets/syndications within the equipment finance industry for more than 30 years. As an expert in transaction and portfolio pricing and negotiation execution, he has personally structured and closed more than \$2 billion in volume from more than 700 transactions, and managed or collaborated with capital markets staff collectively closing over \$50 billion in portfolios and transactions. He has created full capital markets syndications capabilities for three separate top-ten vendor leasing organizations in the U.S.



David has broad industry management experience as a transaction leader at LEAF Financial, GE Capital Markets, Tokai Financial Services, and Maryland National/MNC Leasing. His finance work includes personally serving a “who’s-who” list of companies: Google, AOL, Dell, Kodak, CBS, NBC, Blue Cross, Chevron, Novartis, Hilton, Motorola, Sprint-Nextel, Penske, IBM, International Paper, Sheraton Lockheed Martin U-Haul, Unisys, Canon, Bonneville Power, and Konica. He has been a past recipient of the GE Capital Pinnacle and Tokai Winners Circle awards.

David has utilized Six Sigma quality tools and e-commerce initiatives for process improvement in the execution of syndication activities. He successfully directed an effort to internationally outsource capital markets analytic activities, a cost saving endeavor that has resulted in a significant reduction in deal evaluation cycle time. This has been recognized as a best practice within the world’s leading international outsourcing company.

David is a respected authority on equipment finance demographics. He has participated for 24 years on the Equipment Leasing and Finance Association (ELFA) committee that oversees design and review of the Survey of Equipment Finance Activity benchmarking report. In his 12 year volunteer trustee role on the Equipment Leasing and Finance Foundation as research committee chair, he has been instrumental in commissioning research resulting in the publication of more than 40 major industry reports. For his volunteer service to the ELFA, David was recognized as a recipient of their Distinguished Service Award.

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