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The Source

November 2010

Financing America's Fastest Growing Companies®

New Client Highlights

Amerisource is pleased to announce it closed and funded 14 new client relationships in September and October 2010. This brings Amerisource's total 2010 new commitments to just over $51 million.

September 2010

$1,500,000
A/R Finance Facility

Automotive Manufacturer

Michigan

Provided by

Referral Source

- Company's Consultant

Situation

- Company manufactures prototype parts for the automotive industry
- Family business; founded in 1980
- Company managed to survive the auto industry collapse over the past two years and is now seeing a rebound in sales
- Existing lender not able to increase company's credit line beyond $500,000 in this credit market
- Delinquent payroll taxes as a result of recent pressure on cash flow

Approval Period

- 7 business days; additional 5 days to fund

Result

Amerisource approved a large increase in the Company's credit line, allowing the existing lender to be paid off while providing significant additional working capital to the Company. A reserve fund was established to address the Company's past due taxes in short order. Amerisource also brought in an inventory lender to support the Company's additional cash flow needs through the approaching growth

cycle. With the supplementary working capital and Amerisource's true "floating" line, the wheels are turning again for this manufacturer! Read more...

October 2010

$300,000
A/R Finance Facility

Metal Fabricator

North Carolina

Provided by

Referral Source

- Company's Banker

Situation

- Metal fabricator; in business since 1988
- Diverse and creditworthy customer base
- Company recently won a large contract to build a component used in sound barriers
- Existing bank seeking to exit the line of credit, but willing to continue to finance the company's real estate and equipment
- Amerisource brought in by the banker to refinance the line of credit
- Federal tax liens filed

Approval Period

- 5 business days; additional 3 days to fund

Result

Amerisource worked with the Company's banker to jointly come up with enough funding availability to pay off the federal tax liens. And with access to a line of credit again, the company is finally able to pursue its growth goals. Read more...

Monthly News Recap & Highlights

Business and Industry News

11/23 Banks Selling Off More Troubled Assets
The New York Times
In the past few months, banks have sold more than $6 billion in "non-performing" assets, according to a recently-published study by KBW. This $6 billion is included in the total figure of more than $16 billion in such assets that banks have sold so far this year, twice what they sold last year, said the report. New owners of these loans are primarily private equity firms and hedge funds. Some

companies have set up new funds just to buy troubled assets, according to this Times article. Read more...

11/03 Business looks to Republicans to block rules, taxes
Bloomberg
With the conclusion of midterm elections and Republicans gaining control of the House, the outlook is now decidedly positive for businesses in terms of healthcare, taxes, the environment and financial reform. The 11/2 midterms resulted in a 60-seat Republican gain in the House, the largest since 1983. Republicans are likely to try to eliminate funding for parts of Obama's health care bill, curb regulations and government spending and extend Bush-era tax cuts and squash Obama's proposals to increase taxes on companies' profits overseas. All of these objectives are potentially very positive for businesses, particularly those in the pharmaceutical, air-freight, financial services and restaurant industries, according to this Bloomberg report. Read more...

11/01 Fed to buy extra $600 billion of treasuries to boost growth
Bloomberg
In order to boost growth and improve the unemployment rates, the Fed announced plans to purchase approximately $75 billion of treasuries per month through June 2011. The strategy, dubbed QE2 (quantitative easing, round two) could fail or fuel inflation and asset bubbles. While some feel that the risks of these additional purchases outweigh the benefits, the Fed's Open Market Committee cites the high levels of unemployment and low measures of inflation as factors which led to this announcement. Read more...

Amerisource News

11/08 Amerisource Named a Top Workplace in Houston
Amerisource Funding, one of the largest independent commercial finance companies in the country, was named a 2010 Top Workplace in Houston by the *Houston Chronicle*. Read more...

10/26 Amerisource Expands Nationwide Operations
Amerisource Funding, the leader in working capital financing for growing businesses throughout North America, recently welcomed Jan Ziegler as Regional Market Manager. Read more...

10/22 Amerisource Sponsors CFA Convention in Chicago
The 66th Annual Commercial Finance Association (CFA) Convention concluded today in Chicago, Ill. The convention is, by far, the largest in the world dedicated to the asset-based lending and factoring industries. Read more...

09/01 Amerisource Sponsors CFA Houston Luncheon Panel
The Houston chapter of the Commercial Finance Association (CFA) held its quarterly luncheon panel today on the state of the private equity markets. Read more...

Amerisource Community Outreach

Amerisource and its employees are committed to giving back and enriching the communities in which we live and work. Read more...

Recent contributions and support include:

10/07	Energy Capital Open Title Sponsorship Amerisource recently hosted The Energy Capital Open, an annual golf tournament, in conjunction with Derrick Equipment and Capital One, with all proceeds benefiting Texas Children's Cancer Center. Since the tournament's inception, nearly $300,000 has been raised for the Texas Children's Cancer Center.
09/30	Houston Humane Society
09/30	University of Texas Business Network Charity Golf Tournament
09/09	Cypress Christian School's Annual Banquet
09/01	Houston Junior Woman's Club Holiday Happening

Interesting Data

$4 billion

Estimated expense of the recent election, which trails only the '04 and '08 presidential elections in cost.

Source: Bloomberg

97.1

The National Federation of Independent Business's optimism index score in October, increased from 89 in September.

Source: Bloomberg

59%

The percent of Internet users who now use some kind of social media, including Twitter, blogging and networking sites.

12.2%

The volume of global trade contraction in 2009.

Source: World Trade Organization

Source: PEW Project for Excellence in Journalism

43.1%

The typical voter turnout in midterm elections, measured as a percentage of all registered voters.

1962-2006, Source: infoplease.com

17

The number of women who currently serve in the U.S. Senate.

Source: CAWP

$13.7 trillion

The national debt - which is fast approaching the limit of $14.3 trillion. Just two years ago, the national debt was $10.0 trillion.

Source: ABC News and www.treasurydirect.gov

61%

Decrease in smart car sales as compared to the same time last year.

Source: Business Week

73 weeks

Duration of federal unemployment benefits.

Source: CNN

41%

Percent of U.S. drivers who said they have fallen asleep at the wheel at some point in their lives, with 11 percent saying it has happened to them in the last year.

Source: AAA Foundation

1 billion gallons

Amount of water recently found near the moon's south pole.

Source: ABC News and NASA

5%

Percentage of people using Google's new service - Instant Previews - who are more likely to be satisfied with their search.

Source: InformationWeek

Closing Thoughts

It seems businesses and investors are increasingly optimistic with the coming change in power in Washington. In the 90 days preceding the election, when it became clear that the Republicans would retake the House of Representatives, the U.S. stock market – the world's most efficient leading indicator – has seen a 20% surge in

the broad S&P 500 Index. And of course, as corporate equities strengthen, business owners regain confidence, accumulate inventories, increase marketing expenditures and invest in new machinery and equipment – all things which drive economic growth (and hiring). In sum, history shows that gridlock on Capitol Hill is good for business. With neither party in complete control of our government, it is difficult for Congress to make drastic changes to the way our country has historically operated. Instead, we see incremental progress – the sorts of things that both parties can agree on.

Perhaps more importantly, people are finally realizing the connection between employment and "local" tax policy. Businesses will relocate to a community, state, or even country, where they can make the most money and have the best chance to succeed. If you haven't seen this yet, here is a good article contrasting the small government and low taxes of Texas with the big government and high taxes of California: **Texas vs. California.**

What happens in the 112th Congress remains to be seen, but the focus on economic growth and jobs will hopefully be a turn in the right direction for our economy.

As an independent commercial finance company – and employer of nearly 70 employees – we understand the challenges our clients face. If you know of a business that could benefit from our financing and outsourced management services, we'd love to hear from you.

And look internationally – over the past two years, scores of U.S. companies have relocated to Switzerland. Switzerland is certainly not a market of cheap labor. But it has business-friendly tax policy. And it will be very difficult to entice these businesses (and their jobs) to return any time soon. That is sad.

- D. Michael Monk
Managing Director

About Amerisource

Founded in 1984 and headquartered in Houston, Amerisource is one of the largest and fastest-growing independent commercial finance companies in the country. Amerisource provides working capital financing and outsourced receivables management to small and middle market companies with financing needs from $50,000 to $10,000,000.

Core products include asset-based lending revolvers, accounts receivable factoring, seasonal bank "over-lines", outsourced A/R, credit and collections management, debtor-in-possession ("DIP") financing, trade finance for importers, and export factoring.

Amerisource also provides portfolio management and servicing for banks through its private label program America's Back-Office for Lenders™, portfolio acquisitions and liquidations, and rediscount lines of credit.

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