

# FLEX LEASE

**For the customer who wants a Finance Lease with an option to return the equipment at stated intervals or “outs” prior to lease termination.**

Your business is always changing and so are your financial needs. That’s why it’s good to know Cat Financial and all the ways we can help make your business stronger for life.

Whether you’re buying equipment, protecting your investment, managing your accounts or preparing for the future, our comprehensive financing and insurance solutions help you be more successful.

## BENEFITS

- > You can lease equipment for an extended term, typically at a lower monthly payment amount than the short-term rental rate.
- > 100% financing is available to qualified customers
- > Bargain purchase options or mandatory purchase amounts (balloons) are available
- > Depending on option or balloon amount, monthly payments can be lower than traditional financing
- > For U.S. GAAP and U.S. tax purposes, you are generally entitled to claim the benefits of ownership—including depreciation and interest expense deductions
- > Special promotional rates are offered frequently

## END-OF-TERM OPTION

- > The final bargain purchase option or mandatory balloon at lease-end may be as low as \$1 or at a predetermined amount based on the finance term, equipment use and application, and machine specification.
- > You have the option to return or purchase the equipment at predetermined out(s).

*Example: A piece of equipment is purchased using a 60-month finance lease with an “out” at 36 months. After 36 payments, you have the option to return the machine to Cat Financial, purchase the machine, or continue with the lease.*

## TERMS

<b>Length (new equipment):</b>	12-60 months (Terms greater than 60 months may be considered upon request.)
<b>Finance Rate:</b>	Fixed (Floating rates may be considered upon request.)
<b>Purchase Option Alternatives:</b>	Provision to purchase at predetermined amount or return machine to Cat Financial
<b>Tax Benefits:</b>	Retained by customer
<b>Payment Flexibility:</b>	Monthly, quarterly, semi-annual and annual payments are available provided payments are in advance.

## COMPARISON OF FINANCIAL PRODUCTS

	Installment Sale Contract	Finance Lease or Flex Lease	Operating Lease— Cat Value Option	Operating Lease— Fair Market Value
<b>Ownership</b>	Immediate	Option to return or purchase at lease-end; Flex Lease provides the option to return early at the predetermined date	Option to purchase, renew or return equipment at lease end	Option to purchase, renew or return equipment at lease end
<b>Equity Buildup</b>	Faster	Slower	None	None
<b>Tax Depreciation</b>	Customer	Customer	Cat Financial	Cat Financial
<b>Payment</b>	Higher	Lower	Lowest	Lowest
<b>Purchase Option</b>	N/A	Bargain	Predetermined purchased price	Fair Market Value
<b>Contract Flexibility</b>	Yes	Yes	Less	Less
<b>Early Payoff Restrictions</b>	No	No	Early Purchase Option established at origination allows early purchase at predetermined date	Early Purchase Option established at origination allows early purchase at predetermined date
<b>Personal Property Tax</b>	Customer pays (varies by state)	Customer pays (varies by state)	Cat Financial pays, then invoices customer (varies by state)	Cat Financial pays, then invoices customer (varies by state)
<b>Additional Information</b>	<ul style="list-style-type: none"> <li>&gt; Customer owns and depreciates</li> <li>&gt; Immediate equity through down payment or trade-in</li> <li>&gt; Quickest equity buildup through repayment</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Lessee has ownership</li> <li>&gt; Bargain purchase option reduces payment</li> <li>&gt; Lessee may take depreciation</li> <li>&gt; Equity buildup is slower</li> <li>&gt; Characteristics of an ISC with the lower payments of a lease</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Optional Ownership at predetermined purchase price</li> <li>&gt; Lessee treats unit as rental</li> <li>&gt; No equity buildup</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Optional Ownership at Fair Market Value</li> <li>&gt; Lessee treats unit as rental</li> <li>&gt; No equity buildup</li> </ul>