

Financing Solutions

Material Handling Solutions Guide

Why Use Financial Merchandising?

More and more, customers are looking for ways to be more efficient when it comes to capital purchases. This includes how you acquire lift trucks. Whether you want off-balance sheet options, lower monthly payments or options to return at the end of the lease, your plan should provide you with the flexibility to use, or even purchase, the lift truck while still maintaining financial stability. This brief guide will allow you to not only decide which financial product best fits your needs but also to better explain the features and benefits of the various finance options offered by Cat Lift Trucks.

What Is Financial Merchandising? Financial Merchandising is simply the process by which you acquire your lift truck. Whether you lease or purchase, financial merchandising can be used to structure the acquisition to help you receive the greatest financial benefit.

Types Of Leases

1 Operating Lease. This is a “non-ownership” lease (also known as “off balance sheet” financing) structured to allow you to maximize utilization and productivity while avoiding costs associated with obsolescence. The most popular operating lease is the:

Fair Market Value Lease: You pay for the use of the equipment. At lease expiration, you have the option to purchase the equipment for its fair market value, return the equipment, rent month-to-month or renew the lease.

2 Capital Lease. Generally represents ownership of the equipment to the customer. This type of lease allows you to depreciate the equipment on your books. Two of the most popular capital leases are the:

Conditional Sales Contract: As a customer you want ownership, but need flexibility of an early loan payoff. This type of lease is typically considered when the equipment has a long useful life and minimal maintenance expenses.

Dollar Option Lease: As a customer you want ownership. This lease is typically considered when the equipment has a long useful life and minimal maintenance expense. The primary disadvantage is the early termination penalty.

Which Program Is The Best Fit For Your Company?

| Cash | Finance | Lease | Rental | Customer Considerations |
|------|---------|-------|--------|---------------------------------------|
| X | X | | | Prefers Ownership |
| | | X | | Prefers The Option of Ownership |
| | | X | X | Use For Specific Contract & Return |
| | | X | X | Won't Affect / Tie Up Lines Of Credit |
| X | | X | X | Won't Affect Debt Ratios |
| | | X | X | Off Balance Sheet Financing |
| | X | X | | 100% Financing |
| X | | X | | Unlimited Cash Resources |
| | X | X | | Limited Cash Resources |
| | | X | X | 100% Tax Deductible * |
| | | X | | Prefers Low Monthly Payment |



* Consult your tax accountant for your specific tax situation

| | | |
|----------------|--------------------|-------------------------|
| Quality | Reliability | Customer Service |
|----------------|--------------------|-------------------------|



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Industry-Leading Financing Programs

Millennium Lease Rates. Provides the customer with one of the industry's most competitive factory subsidized interest rates. Available Lease Programs range from 12 to 76 months. The Millennium Lease Program is offered exclusively through the preferred financing partner of Cat Lift Trucks.

Extended Terms Lease. This will allow you to add up to 4 months to any standard lease term without increasing interest rates or lowering residual values. It can also significantly lower your monthly payments.

90-Day Delayed Payment Program. Provides you 90 days of equipment utilization free of charge before monthly payments begin. This product is ideal for budget constraints or for slow times of the year.

Early Termination Option. Designed if you're operating on a "renewable contract" basis or if you're anticipating application changes that may affect asset specifications. This option will allow you the flexibility to structure the lease at various terms (i.e., 3 years followed by 2 years) giving you the option to either return the equipment after 3 years or continue leasing the equipment for the additional 2 years at a significantly reduced monthly payment.

Fixed Purchase Option. Fixed purchase options are typically used if you are seeking an OPTION to purchase equipment at the expiration of the lease term at a predetermined purchase price. This program may qualify as an operating or capital lease.

Accelerated Payment Leases. Monthly payments are higher in the first year and decrease annually over the life of the contract to better align payments to maintenance costs. If you perform your own maintenance, this is the option for you. This can be used for both operating or capital leases.

Skip Payments. If your business is cyclical or seasonal, this option allows you to synchronize your payments with your cash flow. A skip program is typically limited to 3 skip payments a year. This can be used for both operating or capital leases.

For more information on leasing programs, please contact your local Cat lift truck dealer.

1-800-CAT-LIFT
www.cat-lift.com

Quality

Reliability

Customer Service

