



LFC Solar Ownership Program

A Low-Cost Way for Companies to Own a Solar System

WHO WE ARE

LFC Capital, Inc., with more than \$1.5 billion of equipment financing and leasing experience, was formed in 1994 as a successor to a number of financial services companies created by our CEO, one of which became the largest independent healthcare leasing company in the industry.

www.lfccapital.com

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LFC CAPITAL

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LFC Solar Ownership Program

A Low-Cost Way for Companies to Own a Solar System

LFC's program is designed to make businesses' acquisition of solar affordable. It uses a traditional operating lease with attractive ownership options, plus tax efficiency to provide companies with a low-cost path to ownership.

The program is available to qualified businesses in all 50 states for projects ranging in size from the low six figures to \$5 million. LFC's program appeals to companies that cannot directly benefit from a federal tax credit, or simply want energy savings and off-balance sheet accounting without a long-term commitment to a complex power purchase agreement.

TAX CREDIT MONITIZATION * A PROBLEM SOLVED

All rebates and incentives of any kind, including, SRECs, FIT, and performance based incentives for Customer.



FEATURES

- Transaction sizes: \$100,000 to \$5 million.
- Lease period: 7 years (maximum term).
- Monthly payments: Fixed, no payment escalation, and 100% tax deductible.
- End of Lease Purchase Option: At the greater of 20% of Lease Amount or the equipment's then fair market value (FMV) at end of 7th year.
- Early Buyout Option (EBO): Fixed option price at 29% of Lease Amount at end of 6th year.

PATH TO OWNERSHIP

During the 6th year of the lease, the Lessee and Lessor may agree in writing upon the Lessee's purchase price for the solar system at the end of the 7th year. Otherwise, the Lessee may exercise its early buyout option at the end of the 6th year for 29% of Lease Amount and obtain essentially the same low cost of ownership as purchasing the solar system for 20% of Lease Amount at the end of the 7th year. (See example below)



EXAMPLE: LOW COST WITH EACH OWNERSHIP OPTION

	<u>7 years</u>	<u>6 years</u>
Lease Amount (Invoice Price) (A)	500,000	Early
Monthly Payment Factor (B)	<u>X .0064</u>	<u>Buyout</u>
Monthly payment	3,200	3,200
# months	<u>X 84</u>	<u>X 72</u>
Total lease payments	268,600	230,400
Initial Lease Costs (C)	+ 5,750	+ 5,750
Lessee's Purchase Price (D)	<u>+ 100,000</u>	<u>+ 145,000</u>
Total paid	374,550	381,150
Tax savings (payments & costs X 35% (E))	<u>- 94,080</u>	<u>- 80,640</u>
Cost to Own	280,470	300,510
Cost to Own / Lease Amount	56%	60%

(Discount from Invoice Price: 40%-44%)

* * *

- (A) Net after any up-front rebate/incentive paid to solar vendor is applied for customer's benefit to vendor's invoice.
- (B) Monthly Payment Factor will vary based upon Lease Amount.
- (C) Initial Lease Costs: Lease commitment fee of 1% of Lease Amount for leases less than \$1MM (1/2% for \$1MM or more) and \$750 charge for documentation and UCC filings.
- (D) FMV assumed not greater than 20% of Lease Amount after 7th year. 29% fixed price EBO after 6th year.
- (E) Tax savings, based upon Lessee's tax rate, will vary by Lessee.



CUSTOMER QUALIFICATIONS

- Companies with annual revenues \$1 million or more.
- Time in Business with current owner: 3 years or more.
- Personal guarantees required for private companies, with limited exception.
- See Credit Guidelines for other requirements.

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