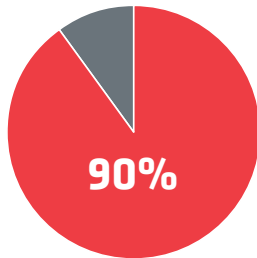
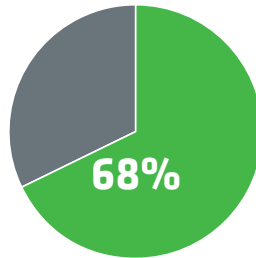


# About Lease by the Hour<sup>SM</sup>

## Why did we create Lease by the Hour<sup>SM</sup>?



Percentage of times we are **incorrect in our estimation** of annual usage.



Percentage of customers are **paying more** for their lease than they should.

The industry needs a more flexible leasing solution that allows customers to pay less when they are not using their equipment as much and more when they are. Lease by the Hour (LBH) can be structured over a longer term with the same maximum contract hours.

## What's in it for me?

Higher sales. Monthly payments will be as low as you and your customer want, with the same maximum contract hours.

## What is needed to create a LBH contract?

- 1 Define the Maximum Hours equipment will be used before replacement
- 2 Define the Maximum Term the Customer desires before replacement
- 3 Create the Minimum Monthly Payment and Lease Cost Per Hour for Variable Billing based on usage.

## How is the lease payment calculated?

By using your existing tools for calculating a FMV quote and adding \$7.00 per month to the payment per asset. The standard lease term will now become the **LBH Maximum Term**, the monthly payment will now become the **LBH Minimum Payment**, and if you divide **LBH Minimum Payment** by the **LBH Minimum Monthly Hours**, the LBH Cost Per Hour will be created for the charging of usage in excess of the minimum allowed per month.

## Sample LBH Contracts:

Sennebogen: 48 Month FMV Lease	
Sell Price	\$600,000
Standard Lease Term	48
LBH Maximum Term	<b>48</b>
Advance Payment	0
Application	Normal and Clean
Annual Hours	2,500
Monthly Hours	208
LBH Minimum Monthly Hours	<b>208 (2,500 hours / 12 months)</b>
Total Contract Hours	10,000
LBH Maximum Hours	<b>10,000 (208 hours x 48 months)</b>
Payment	\$10,122.55
Fee for LBH	\$7
LBH Minimum Payment	<b>\$10,129.55</b>
LBH Stream of Payments	<b>\$486,218.33</b>
LBH Cost Per Hour	<b>\$48.62 (10,129.55 Payment / 208 Hours)</b>



When Sennebogen Capital has received the payment for all 10,000 hours x \$48.62/hour either at the end of the Maximum Term, or earlier based on usage billed over the minimum Monthly Hours, the equipment is eligible for return or month-to-month extension at a 20% discount.

#### Sennebogen: 60 Month FMV Lease

In many cases the Customer is unsure about their usage and wants the lowest monthly payment. If the above Customer wanted a lower monthly minimum payment with the same flexibility, the quote would be structured as follows:

<b>Sell Price</b>	\$600,000
<b>Standard Lease Term</b>	60
<b>LBH Maximum Term</b>	<b>60</b>
<b>Advance Payment</b>	0
<b>Application</b>	Normal and Clean
<b>Annual Hours</b>	2,000
Monthly Hours	167
<b>LBH Minimum Monthly Hours</b>	<b>167 (2,000 hours / 12 months)</b>
Total Contract Hours	10,000
<b>LBH Maximum Hours</b>	<b>10,000 (167 hours x 60 months)</b>
Payment	\$8,878.66
Fee for LBH	\$7
<b>LBH Minimum Payment</b>	<b>\$8,885.66</b>
<b>LBH Stream of Payments</b>	<b>\$533,139.74</b>
<b>LBH Cost Per Hour</b>	<b>\$53.31 (\$8,885.66 Minimum Payment / 167 Minimum Hours)</b>

#### The Fine Print

The Lease by the Hour<sup>SM</sup> program is designed to provide customers with a flexible lease term, based on the usage of the equipment over an estimated monthly minimum hour usage.

When monthly, quarterly or annual usage exceeds the minimum hours allowed, Sennebogen Capital uses the **Lease Cost Per Hour** to charge for this overage. Overage is put in a reserve account to pay down the stream of payments before the **Maximum Term** when usage exceeds the minimum hours allowed.

Once the sum of payments received (both base minimum payment + overage) is equal to the sum of all the minimum payments (as if the contract ran to the maximum term), then the equipment can either be turned in or extended on a month-to-month basis at 80% of the original minimum payment and Lease Cost Per Hour for as long as the Customer needs the equipment.

If there is no usage over the monthly minimum hours, the lease functions exactly like a normal lease and will run to the **maximum term**, after which the equipment can be turned in or extended on a month to month basis at 80% of the original minimum payment and Lease Cost Per Hour for as long as the Customer needs the equipment.

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