



**Principal**  
CAPITAL

**Purchase Today's Technology with Tomorrow's Dollars!**

**The Benefits of Leasing**

## LEASING CAN WORK FOR YOU

- ▶ **Leasing is Powerful.**
- ▶ **Leasing is Flexible.**
- ▶ **Leasing is Easy.**
- ▶ **LEASING WORKS!**

Principal Capital, a leading financial services company specializing in financing technology acquisitions, provides very attractive lease-to-purchase options for financing your new Retail Automation System. Flexible lease terms allow you to extend your payments over a period up to 60 months.

## THE BASICS OF LEASING

### Why You Want to Lease

In 2005 over 80% of all US companies—from small operations to Fortune 100 companies—lease all or part of their equipment (up from 64% in 1984) and the numbers go up when dealing with emerging companies and/or with high tech equipment. They recognize that the value of their equipment comes from using it, not from owning it.

Leasing is a powerful and flexible tool. **Powerful** because it makes it easy for you to acquire your equipment. **Flexible** because there are different kinds of leases and a variety of structures of each to meet your business demands.

A lease can have variable payment terms matching payments to predetermined budget allotments or seasonal variations. Leases with step-up schedules (lower payments to start, see **6×99 Plan** on reverse), step-down schedules (higher payments at first that reduce over time creating lower total dollar outlay), or other creative structures to meet specific challenges.

#### 1. Banks Prefer Not to Finance Depreciating Assets

#### 2. Using the Equipment is More Important Than Owning It

The only time **ownership** of an asset makes you a profit is when that asset appreciates in value—like real estate,

patent rights, precious metals, or collectibles. If it is going to appreciate, it makes sense to own it. If it is going to depreciate, then gaining only the **use** of the equipment is the **most effective way** for the time you need it.

- **If it APPRECIATES, buy it.**
- **If it DEPRECIATES, lease it.**

### 3. Rates vs. Real Cost

There is a significant difference between **rate** of the interest charged for a loan and **real cost**. Rate, the cost per thousand dollars of equipment per month, or the interest rate that is being factored into the transaction, is **the least** important consideration. What are far more important are the **terms and conditions** within your finance agreement. Always consult with your Accountant before entering any loan or lease agreement.

### A Word About Principal Capital

**Principal Capital** offers a variety of equipment leasing and financing programs designed to help you secure financing. And we can customize everything to your needs.

**Principal Capital's** streamlined processing gets the equipment to you with a minimum of delay, hassle, and unnecessary commitments of valuable cash.

**Principal Capital** makes its own investment decisions, giving us the flexibility to look for ways to help you when conventional sources fail. Lease turnaround time is usually within 4 business hours, once we have the necessary information.

**Principal Capital** employees are professionals in the industries they serve, knowledgeable in tax, accounting, legal, and credit issues.

**Principal Capital** is the only logical choice for all your equipment financing needs.





# The Benefits of Leasing

## FLEXIBILITY

There are a number of custom features available in lease contracts that can shape lease payments to match your cash flow (a critical concern with seasonal businesses). A business in a ski lodge community does not want high payments in the summer. We will make the majority of the payment amount due in season.

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### Conserve Your Cash

Leasing provides funding that supplements existing credit lines. Your available capital is increased because other credit lines are left unencumbered for marketing, operations, expansion, and unforeseen events. As your business grows, you can reinvest the cash conserved by leasing.

When you lease your equipment, you are tying up less of your capital than you would with a cash sale or bank financing that requires a large down payment. Cash is among the most valued commodities in business. Whether applied to routine expenses such as rent and payroll or when used for investment opportunities such as adding new products, or new sales reps, or buying real estate . . . there are many, many uses for each conserved dollar.

### Leasing Helps You Acquire Exactly What Your Business Needs

You are protecting your equipment best by letting the trained professionals of the system provider keep it in top-notch condition and by using supplies recommended and often provided by the vendor. You can usually finance all of the Retail Automation System components—software licenses, maintenance support, and implementation services—together in one convenient transaction.

## 6×99 Plan

Principal Capital offers the Six-by-Ninety-Nine option with your first six monthly payments only \$99. This gives your new Retail Automation System the chance to start making profits for you right away without an immediate outlay of excess funds.

## Leasing Gets Needed Equipment Now

While your purchase is a considerable investment, a lease or finance plan can get you the equipment you need to begin earning greater profits while spreading your payments over time. Market forces, financial pressures, and emerging competition call for flexible options. Leasing lets you respond

quickly to your changing business needs. You'll pay as you go, not up front—freeing up capital for investment or other business expenses instead of tying it up in fixed assets. It also gives you the flexibility to move up to the newest releases, features, and functions as they become available and not incur the cost of delaying the acquisition of new technology.

As a result of the new tax laws (specifically the Mid-Quarter Convention Provision), companies buying equipment

in the fourth quarter of the tax year may trigger adverse tax consequences. Leasing can prevent this occurrence.

With a lease, an upgrade of the equipment is usually allowed without penalty.

## Leasing Provides an Alternative

Not everyone offers leasing as a finance alternative. Principal Capital knows you have a lot to gain with leasing and it is just one more benefit of your Retail Automation System.

## Leasing Establishes a New Credit Line

Leasing offers you an additional line of credit. In today's market this can be a very valuable and major consideration. Consultants find new lines of credit for business and charge substantial fees.

Leasing solves a major problem with obtaining new equipment: having to find and ask someone to lend you the money to buy it, or going to your capital acquisition committees for purchase approval (which can be a bigger hassle). A lease arrangement is a smart way to meet your needs and your monthly budgets. ■

**Get Started** To get started with the lease process for your Retail Automation System purchase call or go on line.