

Equipment Lease Finance Industry Confidence Holds Steady In February

Washington, DC, February 23, 2012 — The **Equipment Leasing & Finance Foundation** (the Foundation) releases the February 2012 **Monthly Confidence Index for the Equipment Finance Industry** (MCI-EFI) today. Designed to collect leadership data, the index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the \$628 billion equipment finance sector. Overall, confidence in the equipment finance market is 59.6, up slightly from the January index of 59.0, indicating industry participants' optimism is steady despite a cautious outlook about the global economic situation in the coming months.

When asked about the outlook for the future, MCI survey respondent **Russell Nelson, President, Farm Credit Leasing Services Corporation**, commented, "Continued signs of economic recovery and modest expansion occurring across an increasing number of industries are driving new and replacement capital expenditures, supported by flat interest rate growth. The current outlook would indicate strong growth in loan and lease demand for equipment finance through 2012."

February 2012 Survey Results:

The overall MCI-EFI is 59.6, an increase from the January index of 59.0.

- When asked to assess their business conditions over the next four months, 23.5% of executives responding said they believe business conditions will improve over the next four months, up from 18.4% in January. 73.5% of respondents believe business conditions will remain the same over the next four months, down from 76.3% in January. 2.9% of executives believe business conditions will worsen, a decrease from 5.3% in January.
- 26.5% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 18.4% in January. 67.6% believe demand will "remain the same" during the same four-month time period, down from 76.3% the previous month. 5.9% believe demand will decline, up from 5.3% who believed so in January.
- 20.6% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 21.1% in January. 79.4% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 78.9% the previous month. No survey respondents expect "less" access to capital, unchanged from January.
- When asked, 26.5% of the executives reported they expect to hire more employees over the next four months, down from 31.6% in January. 70.6% expect no change in headcount over the next four months, an increase from 63.2% last month, while 2.9% expect fewer employees, down from 5.3% in January.
- 91.2% of the leadership evaluates the current U.S. economy as "fair," up from 89.5% last month. 8.8% rate it as "poor," an improvement from 10.5% in January.
- 26.5% of survey respondents believe that U.S. economic conditions will get "better" over the next six months, up from 21.1% in January. 70.6% of survey respondents indicate they believe the U.S. economy will "stay the same" over the next six months, down from 78.9% in January. 2.9% responded that they believe economic conditions in the U.S. will worsen over the next six months, an increase from no one who believed so last month.
- In February, 26.5% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 34.2% in January. 73.5% believe there will be "no change" in business development spending, up from 65.8% last month, and no one believes there will be a decrease in spending, unchanged from last month.

February 2012 MCI Survey Comments from Industry Executive Leadership:

Depending on the market segment they represent, executives have differing points of view on the current and future outlook for the industry.

Bank, Large Ticket

"The leasing industry continues to be resilient despite some head winds in the economy. We are seeing significant activity with regard to financing new capex." Executive, Large Ticket, Bank

Bank, Middle Ticket

"I am a somewhat cautious on the prospects for 2012. 100 percent bonus depreciation in 2011 may have accelerated equipment acquisitions into last year. 2012 may have somewhat of a lag effect with bonus depreciation reduced to 50 percent." **Thomas Jaschik, President, BB&T Equipment Finance**

Bank, Small Ticket

"Improving economic and construction indicators should help demand for financing." Executive, Small Ticket, Bank

Why an MCI-EFI?

Confidence in the U.S. economy and the capital markets is a critical driver to the equipment finance industry. Throughout history, when confidence increases, consumers and businesses are more apt to acquire more consumer goods, equipment and durables, and invest at prevailing prices. When confidence decreases, spending and risk-taking tend to fall. Investors are said to be confident when the news about the future is good and stock prices are rising.

Who participates in the MCI-EFI?

The respondents are comprised of a wide cross section of industry executives, including large-ticket, middle-market and small-ticket banks, independents and captive equipment finance companies. The MCI-EFI uses the same pool of 50 organization leaders to respond monthly to ensure the survey's integrity. Since the same organizations provide the data from month to month, the results constitute a consistent barometer of the industry's confidence.

How is the MCI-EFI designed?

The survey consists of seven questions and an area for comments, asking the respondents' opinions about the following:

1. Current business conditions
2. Expected product demand over the next four months
3. Access to capital over the next four months
4. Future employment conditions
5. Evaluation of the current U.S. economy
6. U.S. economic conditions over the next six months
7. Business development spending expectations
8. Open-ended question for comment

How may I access the MCI-EFI?

Survey results are posted on the Foundation website, <http://www.leasefoundation.org/IndRsrcs/MCI/>, included in the Foundation Forecast newsletter and included in press releases. Survey respondent demographics and additional information about the MCI are also available at the link above.

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The Equipment Leasing & Finance Foundation is a 501c3 non-profit organization that provides vision for the equipment leasing and finance industry through future-focused information and research. Primarily

funded through donations, the Foundation is the only organization dedicated to future-oriented, in-depth, independent research for the leasing industry. Visit the Foundation online at <http://www.LeaseFoundation.org>.

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