

For Immediate Release

Element to Separate into Two Market-Leading Public Companies

*Separation will create a \$19.5 billion world-class fleet management company
and a \$7.0 billion North American leader in commercial finance*

- Creates two focused independent businesses driven by proven executives
- Delivers improved cost of capital, leverage and proven funding platforms
- Increases returns from improved capital efficiency
- Drives higher valuations from stand-alone companies

TORONTO, Ontario, February 16, 2016 - Element Financial Corporation (TSX:EFN) (“Element” or the “Company”), one of North America’s leading fleet management and equipment finance companies, today announced that following the completion of a strategic review of each of the Company’s business units that it initiated in October of last year, the Board of Directors has approved plans to proceed with a transaction that will result in the separation of the current business into two publicly traded companies - a \$19.5 billion world class fleet management company (Element Fleet Management) to be led by Bradley Nullmeyer and a \$7.0 billion North American commercial finance company (Element Commercial Asset Management) to be led by Steven Hudson. Mr. Hudson and Mr. Nullmeyer will continue building on their 30 year partnership as Mr. Nullmeyer will serve as vice chairman of Element Commercial Asset Management and Mr. Hudson will serve as vice chairman of Element Fleet Management.

“Following the completion of a comprehensive strategic review of our operations and corporate structure, we’ve concluded that Element is comprised of two very different businesses that will be more effective at maximizing performance for the benefit of shareholders, lenders, customers and employees if they are structured and capitalized as separate public companies,” said Steven Hudson, Element’s Chief Executive Officer. “On completion of the separation, Element shareholders will have an ownership interest in two exceptional businesses - the world’s largest publicly traded fleet management company and a high growth asset management business built on a broad commercial finance origination platform supported by global institutional investors,” added Mr. Hudson.

Proposed Business Structure

With approximately 2,600 employees, Element Fleet Management will continue to hold the leading market share of the North American fleet management industry and will include the Company’s current fleet management operations in the United States, Canada, Mexico, Australia and New Zealand as well as its global alliance with BNP-Arval. Its assets will include the Company’s current \$17.5 billion portfolio of fleet assets as well as the current \$2 billion portfolio of rail assets which will also provide additional pre-tax cash flow from this entity’s core fleet business. These rail assets will be managed by Element Commercial Asset Management. Approximately 80 percent of this entity’s combined \$19.5 billion asset portfolio will be US-based.

With approximately 200 employees, Element Commercial Asset Management will include the Company’s current North American commercial and vendor finance business and the Company’s current aviation and rail asset management businesses. Its assets will include the Company’s current \$3.3 billion portfolio of commercial finance assets as well as the Company’s current \$2.2 billion portfolio of commercial aviation assets established in June of last year as Element Commercial Aircraft Funds (ECAAF) which the Company currently manages on behalf of 30 institutional investors.

This proposed business structure accelerates the Company’s discussions with several strategic institutional investors with respect to structuring and participating in an expanded family of funds that will support the continued growth of this commercial finance business. Under this proposed business structure, Element Commercial Asset Management will continue with a strong investment grade balance sheet to support this family of funds.

The Company’s “on balance sheet” aviation finance business is being discontinued and the current \$1.5 billion portfolio of fully-performing aviation assets will be transitioned to a future aviation fund, sold or managed to maturity.

Separation Benefits

Element’s current business structure combines operations that have different operating profiles, growth trajectories, leverage and capital requirements. These operations have now grown to become substantial businesses and their continued common ownership limits their ability to achieve their full potential. As separate companies, each of these businesses will be able to devote 100 percent of its resources on developing its core business and serving its customers without distraction from its core mission.

Element Fleet Management, as the world's largest publicly-traded fleet management business, can generate higher returns as a stand-alone company with increased balance sheet ratings and higher leverage that more closely approximate those that apply to comparable fleet management businesses. This company will pursue organic growth opportunities and accelerate the deployment of new products and services that will continue to shift its revenue mix in favour of fee-based income. It will continue to benefit from the proven performance of Chesapeake Funding II as the optimal funding program for finance assets secured by fleet vehicles. Its equity investors will participate in the ownership of a stable, market leading franchise with organic growth potential, proven leadership, accelerating fee income and robust funding programs. Element Fleet Management's stable operating base, combined with strong operational cash flows, will support consolidating acquisition opportunities.

Element Commercial Asset Management, comprised of the already established commercial aviation fund together with the Company's very successful North American commercial and vendor finance franchise and railcar business, will more easily complete its full transformation to a fee-based asset management business model. Through this transformation, it will deliver higher returns and enable the pursuit of organic and acquisition growth opportunities within its core verticals. Through this family of funds and its investment grade balance sheet, this company will be able to supply its institutional investors and funding partners with predictable access to a range of high-quality rated portfolios diversified by geography, asset, duration and yield. Its equity investors will participate in the ownership of a high cash flow, fee-based business with experienced leadership, efficient and stable funding sources and an industry-leading position in its core verticals.

Separation Process

The Company is currently analyzing the most efficient method to implement the separation of the two businesses and further details will be provided to the market as Element completes this analysis with its advisors. The separation transaction that will split the Company into these two publicly traded entities is expected to be completed on a tax free basis before the end of 2016. The allocation of the assets, liabilities and capital structure of the Company, as well as the structure of the Board and the deployment of current corporate services staff between the two new entities will be determined as the details of this separation transaction are determined.

The separation of the Company will be subject to customary approvals including the receipt of all required third party approvals and the final approval of Element's Board. BMO Capital Markets, Barclays Capital and INFOR Financial are serving as financial advisors to the Company through the separation process.

Until the separation is complete, Element will continue to operate as a single company and it will continue to be "business as usual" for our employees, customers and suppliers. Through this process, the Company will maintain and continue its investment grade balance sheet, its proven funding facilities and \$6 billion of forward, committed funding capacity.

Conference Call

A conference call to discuss this announcement with analysts will be held on Tuesday, February 16, 2016 at 8:00 a.m. Eastern Time. The conference call can be accessed by dialing the following numbers:

North America Toll-Free:	1-888-789-9572 passcode 8248270
Local:	416-340-2217 passcode 8248270
International:	https://www.confsolutions.ca/ILT?oss=7P1R8887899572

A series of presentation slides will be referenced by management during the conference call. These slides will be available on the Company's website in advance of the conference call and may be accessed at <http://www.elementcorp.com/investors/presentations-1>.

The conference call will be recorded and can be accessed until March 16, 2016 by dialing 905-694-9451 or 1-800-408-3053 and entering the pass code 5974999.

About Element Financial Corporation

With total owned and managed assets in excess of \$26 billion, Element Financial Corporation is one of North America's leading fleet management and equipment finance companies. Element operates across North America in four verticals of the equipment finance market - Fleet Management, Rail Finance, Commercial & Vendor Finance, and Aviation Finance.

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This release includes forward-looking statements regarding Element and its business. Such statements are based on the current expectations and views of future events of Element's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements, including with respect to the proposed separation, the expected timetable for completing the separation, the future financial and operating performance of each business, the strategic advantages of each business and future opportunities of each business. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Element, including risks regarding the equipment finance industry, economic factors, risks related to completion of the proposed purchases of portfolios of finance assets, the possibility that the proposed separation will not be consummated within the anticipated time period or at all, including as a result of regulatory, market or other factors, and the potential for disruption to our business in connection with the proposed separation, and many other factors beyond the control of Element. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. A discussion of the material risks and assumptions associated with this outlook can be found in Element's 2014 MD&A, and 2014 Annual Information Form, all of which have been filed on SEDAR and can be accessed at www.sedar.com. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Element undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.