



Denominator Year 1

How many years should we use in the denominator, when apportioning the hereafter number for operating leases?
 If the Min Lease payment decreases fast, use a higher denominator figure.
 If the Min Lease payment decreases slowly use a lower denominator figure.

Exact Calculation:

	Min Lease Payment	Discount factor	Present Value
1	100.00	105.00%	95.24
2	95.00	110.25%	86.17
3	90.25	115.76%	77.96
4	85.74	121.55%	70.54
5	81.45	127.63%	63.82
6	77.38	134.01%	57.74
7	73.51	140.71%	52.24
8	69.83	147.75%	47.27
9	66.34	155.13%	42.76
10	63.02	162.89%	38.69
Sum	802.53		632.43

Present value>>>> 632.43

Discount Rate 0.05
Min Lease Payment Decreases 0.95
Denominator: Years + 1, Better

/ 100 = 8.0253 Years

Denominator: Years + 1			
803	/ 9.0253 =	88.9200	per year
Total / Years + 1			
0.95	0.05		
Min Lease Payment	Discount factor	Present Value	Cumulative
1	88.92 / 105.00% =	84.69	88.92
2	88.92 / 110.25% =	80.65	177.84
3	88.92 / 115.76% =	76.81	266.76
4	88.92 / 121.55% =	73.15	355.68
5	88.92 / 127.63% =	69.67	444.60
6	88.92 / 134.01% =	66.35	533.52
7	88.92 / 140.71% =	63.19	622.44
8	88.92 / 147.75% =	60.18	711.36
9	88.92 / 155.13% =	57.32	800.28
10	2.25 / 162.89% =	1.38	802.53
11	0.00 / 171.03% =	0.00	802.53
12	0.00 / 179.59% =	0.00	802.53

802.53	633.41
Present value>>>>	633.41
Error>>>>	0.979
Abs Error>>>>	0.979

Denominator: Years + 2			
803	/ 10.0253 =	80.0504	
Total / Years + 2			
0.95	0.05		
Min Lease Payment	Discount factor	Present Value	Cumulative
1	80.05 / 105.00% =	76.24	80.05
2	80.05 / 110.25% =	72.61	160.10
3	80.05 / 115.76% =	69.15	240.15
4	80.05 / 121.55% =	65.86	320.20
5	80.05 / 127.63% =	62.72	400.25
6	80.05 / 134.01% =	59.73	480.30
7	80.05 / 140.71% =	56.89	560.35
8	80.05 / 147.75% =	54.18	640.40
9	80.05 / 155.13% =	51.60	720.45
10	80.05 / 162.89% =	49.14	800.50
11	2.02 / 171.03% =	1.18	802.53
12	0.00 / 179.59% =	0.00	802.53

802.53	619.31
Present value>>>>	619.31
Error>>>>	(13.117)
Abs Error>>>>	13.117



Exact Calculation:

	Min Lease Payment	Discount factor	Present Value
1	100.00	/ 105.00%	= 95.24
2	85.00	/ 110.25%	= 77.10
3	72.25	/ 115.76%	= 62.41
4	61.41	/ 121.55%	= 50.52
5	52.20	/ 127.63%	= 40.90
6	44.37	/ 134.01%	= 33.11
7	37.71	/ 140.71%	= 26.80
8	32.06	/ 147.75%	= 21.70
9	27.25	/ 155.13%	= 17.56
10	23.16	/ 162.89%	= 14.22
Sum	535.42		439.57

439.57

Discount Rate 0.05

Min Lease Payment Decreases 0.85

Denominator: Years + 2, Better

/ 100 = 5.3542 Years

Denominator: Years + 1			
535 / 6.3542 =		84.2623	per year
Total / Years + 1			
0.85	0.05		
Min Lease Payment	Discount factor	Present Value	Cumulative
1	84.26 / 105.00%	= 80.25	84.26
2	84.26 / 110.25%	= 76.43	168.52
3	84.26 / 115.76%	= 72.79	252.79
4	84.26 / 121.55%	= 69.32	337.05
5	84.26 / 127.63%	= 66.02	421.31
6	84.26 / 134.01%	= 62.88	505.57
7	29.84 / 140.71%	= 21.21	535.42
8	0.00 / 147.75%	= 0.00	535.42
9	0.00 / 155.13%	= 0.00	535.42
10	0.00 / 162.89%	= 0.00	535.42
11	0.00 / 171.03%	= 0.00	535.42
12	0.00 / 179.59%	= 0.00	535.42
535.42		448.90	

Present value>>>>	448.90
Error>>>>	9.330
Abs Error>>>>	9.330

Denominator: Years + 2			
535 / 7.3542 =		72.8045	
Total / Years + 2			
0.95	0.05		
Min Lease Payment	Discount factor	Present Value	Cumulative
1	72.80 / 105.00%	= 69.34	72.80
2	72.80 / 110.25%	= 66.04	145.61
3	72.80 / 115.76%	= 62.89	218.41
4	72.80 / 121.55%	= 59.90	291.22
5	72.80 / 127.63%	= 57.04	364.02
6	72.80 / 134.01%	= 54.33	436.83
7	72.80 / 140.71%	= 51.74	509.63
8	25.79 / 147.75%	= 17.45	535.42
9	0.00 / 155.13%	= 0.00	535.42
10	0.00 / 162.89%	= 0.00	535.42
11	0.00 / 171.03%	= 0.00	535.42
12	0.00 / 179.59%	= 0.00	535.42
535.42		438.73	

Present value>>>>	438.73
Error>>>>	(0.841)
Abs Error>>>>	0.841



9.00		0.904762
	Cumulative	
	100.0000	
	195.0000	0.904762
	285.2500	0.904762
	370.9875	0.904762
	452.4381	0.904762
	529.8162	0.904762
	603.3254	0.904762
	673.1591	0.904762
	739.5012	0.904762
802.5261		

Years + 2, Better

Years + 1, Better

Cumulative	Cumulative
88.9200	80.05
177.8400	160.10
266.7600	240.15
355.6800	320.20
444.5999	400.25
533.5199	480.30
622.4399	560.35
711.3599	640.40
800.2799	720.45
889.1999	800.50
891.4461	880.55
891.4461	882.58
891.4461	882.58



	0.809524
Cumulative	
100.0000	
185.0000	0.809524
257.2500	0.809524
318.6625	0.809524
370.8631	0.809524
415.2337	0.809524
452.9486	0.809524
485.0063	0.809524
512.2554	0.809524
535.4171	

Years + 2, Better

Years + 1, Better

Cumulative	Cumulative
84.2623	72.80
168.5246	145.61
252.7869	218.41
337.0492	291.22
421.3115	364.02
505.5738	436.83
589.8361	509.63
619.6794	582.44
619.6794	608.22
619.6794	608.22
619.6794	608.22
619.6794	608.22
619.6794	608.22