

Assume the following data:

80101

Expected time period for keeping the car		4 years
Gasoline	\$	1.40 per gallon
Gas mileage		24 miles per gallon

The following costs are based on driving
15,000 miles per year:

Oil	\$	195
Maintenance	\$	465
Tires	\$	210



Other costs per year:

Insurance	\$	866
License, registration & Taxes	\$	223

Cost of the car	\$	20,000
-----------------	----	--------

The disposal value of the car after four years depends on the miles driven and is as follows:

Miles driven per year	15,000	20,000	10,000
Disposal value after 4 years	\$ 6,000	\$ 2,500	\$ 9,500

Discount rate 9%

What is the cost of driving one mile ?

What is the incremental cost of driving one mile after buying a car?

