

FLEET Purchase vs Lease Analysis

Class 8 Bucket Truck/Digger Derrick

Assumptions :

Line Truck Book Life (yrs)	15
Interest Expense (%)	4.7%
Cost of Equity (% of Capital)	8.6%
O&M Rate (%/Yr)	2.5%
Fed Income Tax (%/Yr)	27.7%

Upfront Capital Cost	\$344,124
Lease Duration (Yrs)	8
Annual TRAC Lease Rate (\$/Yr)	\$42,845
Annual FMV Lease Rate (\$/Yr)	\$48,023
TRAC Balloon (% of CapEx)	20%

Residual Value (% of Cost)	10%
Equity Thickness	50%
FMV Lease Max Miles (Mi/Year)	15,000
Assumed Actual Miles (Mi/Year)	15,000
Excess Mileage Penalty (\$/Mi)	\$0.20

Tax Depreciation	
Year 1	20.00%
Year 2	32.00%
Year 3	19.20%
Year 4	11.52%
Year 5	11.52%
Year 6	5.76%

Operating Year	OWNERSHIP OPTION									20% TRAC LEASE OPTION					FMV LEASE OPTION			
	Cumulative														Mileage			
	O&M Expense	Depreciation Expense	Tax Depreciation	Book/Tax Delta	Interest Expense	Return on Equity	Income Tax Expense	Residual Value	Net Cash Flow	O&M Expense	Lease Expense	Balloon Payment	Residual Value Credit	Net Cash Flow	O&M Expense	Lease Expense	Mileage Penalty (>15k/Yr)	Net Cash Flow
1	(\$8,603)	(\$22,942)	(\$68,825)	\$12,717	(\$7,295)	(\$13,218)	(\$5,068)	\$0	(\$57,125)	\$0	(\$42,845)	\$0	\$0	(\$42,845)	\$0	(\$48,023)	\$0	(\$48,023)
2	(\$8,603)	(\$22,942)	(\$110,120)	\$36,878	(\$6,181)	(\$11,199)	(\$4,294)	\$0	(\$53,219)	\$0	(\$42,845)	\$0	\$0	(\$42,845)	\$0	(\$48,023)	\$0	(\$48,023)
3	(\$8,603)	(\$22,942)	(\$66,072)	\$48,831	(\$5,356)	(\$9,704)	(\$3,721)	\$0	(\$50,325)	\$0	(\$42,845)	\$0	\$0	(\$42,845)	\$0	(\$48,023)	\$0	(\$48,023)
4	(\$8,603)	(\$22,942)	(\$39,643)	\$53,460	(\$4,704)	(\$8,523)	(\$3,268)	\$0	(\$48,039)	\$0	(\$42,845)	\$0	\$0	(\$42,845)	\$0	(\$48,023)	\$0	(\$48,023)
5	(\$8,603)	(\$22,942)	(\$39,643)	\$58,089	(\$4,052)	(\$7,341)	(\$2,815)	\$0	(\$45,753)	\$0	(\$42,845)	\$0	\$0	(\$42,845)	\$0	(\$48,023)	\$0	(\$48,023)
6	(\$8,603)	(\$22,942)	(\$19,822)	\$57,224	(\$3,530)	(\$6,395)	(\$2,452)	\$0	(\$43,922)	\$0	(\$42,845)	\$0	\$0	(\$42,845)	\$0	(\$48,023)	\$0	(\$48,023)
7	(\$8,603)	(\$22,942)	\$0	\$50,866	(\$3,138)	(\$5,685)	(\$2,180)	\$0	(\$42,547)	\$0	(\$42,845)	\$0	\$0	(\$42,845)	\$0	(\$48,023)	\$0	(\$48,023)
8	(\$8,603)	(\$22,942)	\$0	\$44,508	(\$2,745)	(\$4,974)	(\$1,907)	\$0	(\$41,171)	\$0	(\$42,845)	(\$68,825)	\$0	(\$111,670)	\$0	(\$48,023)	\$0	(\$48,023)
9	\$0	(\$18,026)	\$0	\$39,512	(\$2,437)	(\$4,416)	(\$1,693)	\$34,412	\$7,841	\$0	\$0	\$0	\$34,412	\$34,412	\$0	\$0	\$0	\$0
10	\$0	(\$18,026)	\$0	\$34,516	(\$2,129)	(\$3,858)	(\$1,479)	\$0	(\$25,491)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	\$0	(\$18,026)	\$0	\$29,520	(\$1,821)	(\$3,299)	(\$1,265)	\$0	(\$24,411)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	\$0	(\$18,026)	\$0	\$24,525	(\$1,513)	(\$2,741)	(\$1,051)	\$0	(\$23,330)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	\$0	(\$18,026)	\$0	\$19,529	(\$1,205)	(\$2,183)	(\$837)	\$0	(\$22,249)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	\$0	(\$18,026)	\$0	\$14,533	(\$896)	(\$1,624)	(\$623)	\$0	(\$21,169)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	\$0	(\$18,026)	\$0	\$9,537	(\$588)	(\$1,066)	(\$409)	\$0	(\$20,088)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	(\$68,825)	(\$309,711)	(\$344,124)		(\$47,590)	(\$86,226)	(\$33,060)	\$34,412	(\$511,000)	\$0	(\$342,763)	(\$68,825)	\$34,412	(\$377,176)	\$0	(\$384,181)	\$0	(\$384,181)

Notes:

- O&M is included in the lease cost for both the TRAC and FMV lease structures.
- TRAC lease includes a balloon payment at the end of the lease payment and ownership is transferred back to the Lessee.
- FMV lease is a straight lease and the vehicle is returned to the Lessor at the end of the term with no other obligations.
- Lease costs quoted by Altec Capital, the finance arm of the vehicle manufacturer.
- Per fleet management plan, a line truck is used for 8 years then is disposed of and replaced.