

TABLE 18.1

Parameters for the Student's Car Purchase

Information and Assumptions	Car A	Car B
Gas (price per gallon)	\$2	\$2
Distance to drive per year (miles)	10,000	10,000
Discount rate	4%	4%
Purchase price	\$18,000	\$20,000
Mileage (miles per gallon)	25	30
Maintenance (per year)	\$200	\$150
Residual value	\$5,000	\$7,000