

## Motor Grader Example 2 (Unequal Lives)



Dirt Movers, Inc. is evaluating two motor graders to expand their equipment fleet:

	John Deere	Komatsu
Initial Cost:	\$250,000	\$220,000
O&M Cost:	\$19,000/yr	\$24,000/yr
Salvage Value:	\$32,000	\$47,000
Useful Life:	16 yrs	12 yrs

Which motor grader should they choose if their MARR is 12% per year? **Use a common study period of 12 years to compare the alternatives and assume the John Deere has a market value of \$54,000 after 12 years.**