

## TRAC Leases

Reference this chart to compare and contrast the three different types of TRAC leases.

Term/Description	Standard TRAC	Modified TRAC	Zero TRAC
Amortizes to zero at lease-end and, because the customer builds equity, offers ownership with little or no cash outlay (sales tax may be due in some states)			✓
Capital Lease: Must be reported on balance sheet as an asset	✓		✓
Operating Lease: Can be classified as an operating lease		✓	
Customer guarantees a portion of the TRAC and will agree to accept a "first loss" position		✓	
The customer is responsible for the entire TRAC	✓		
Desired for tax write-off by large fleets		✓	
Disposal Option: DTF sells the vehicle at the end of the lease, and the customer receives any surplus greater than the residual value (less DTF's selling expenses). If value at lease-end is less than the residual, the customer must pay the difference, plus DTF's selling expenses.	✓		
Disposal Option: DTF sells the vehicle at the end of the lease, and the customer receives any surplus greater than the residual value (less DTF's selling expenses). If value at lease-end is less than the residual, customer has to pay the difference, plus DTF's selling expenses, but <b>only up to the specified, maximum liability</b> .		✓	
Lower payments than a retail loan	✓	✓	✓
No mileage restrictions or equipment condition requirements			✓
Nominal up-front costs			✓
Off-Balance-Sheet Accounting: Appears as a lease for accounting and taxes		✓	
Payments are fully deductible			✓
Purchase Option: At lease-end, the customer can purchase the vehicle for predetermined residual	✓	✓	
Sales tax credit in some states*			✓
Purchase Option: Customer makes FMV purchase offer and payments are credited to purchase at lease-end**			✓
Refinance Option: At lease-end, the customer can refinance the residual at prevailing used truck finance rates or re-lease for a reasonable term	✓		
Structured as an operating expense on income statement		✓	
Unique to DTF			✓

\*Regulations on taxes vary from state to state.

\*\*Sales taxes are due on the FMV purchase in some states.

Daimler Truck Financial does not provide or endorse any tax advice, accounting advice or tax strategy to its dealers, customers or potential customers. TRAC leases are limited to motor vehicles leased to businesses and used at least 50% of the time for business purposes.