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EXPLANATION OF COMPUTATION OF INITIAL  
LUMP SUM PAYMENT

1. Calculation of Lump Sum Before Adjustment  
Fair market value of fee: \$34 million (rounded)  
Assumed rate of return: 8.3% (U.S. Government Bond Rate)  
Yearly rental: \$2.8 million  
Assumed discount (capitalization) rate: 8.3%  
Present value of \$2.8 million/year for 50 years at assumed discount rate: \$33.18 million -- rounded to \$33 million.
  
2. Adjustment for Military Retention Land  
Number Acres of Military Retention Land to be Made Available to U.S.: 9,071  
Price Paid by U.S. (\$40/acre for use from 1944-1981): \$1.08/acre/year  
Credit to United States for period 1975-1981: \$58,780 - rounded to \$60,000
  
3. Lump Sum After Adjustment: \$32.9 million (rounded)