

At December 31, 2019, the total amount of finance leases recognized in the Consolidated Balance Sheet for ROU assets in property, plant and equipment was \$187 million and lease liabilities in short-term debt and long-term debt was \$52 million and \$151 million, respectively.

Prior to the adoption of the new lease guidance on January 1, 2019, ROU assets and lease liabilities for operating leases were not recognized in the Consolidated Balance Sheet. The company elected the practical expedient to not provide comparable presentation in the Consolidated Balance Sheet for periods prior to

adoption. Rental expense, including amounts charged to inventory and fixed assets, and excluding amounts previously reserved, were \$1,944 million and \$1,821 million for the years ended December 31, 2018 and 2017, respectively.

The following table, which was included in the company's 2018 Annual Report, depicts gross minimum rental commitments under noncancelable leases, amounts related to vacant space associated with workforce transformation, sublease income commitments and capital lease commitments.

(\$ in millions)	2019	2020	2021	2022	2023	Beyond 2023
Operating lease commitments						
Gross minimum rental commitments (including vacant space below)	\$1,581	\$1,233	\$914	\$640	\$445	\$815
Vacant space	29	23	14	9	5	8
Sublease income commitments	11	7	5	4	4	2
Capital lease commitments	3	3	3	3	2	28

The difference between the company's total lease commitments as reported at December 31, 2018 compared to the January 1, 2019 ROU asset balance in the Consolidated Balance Sheet is primarily due to the required use of a discount factor (imputed interest) under the new lease guidance and certain amounts that are not included in the ROU assets under the new lease guidance (e.g. tenant incentives and vacant space).

Accounting for Leases as a Lessor

The following table presents amounts included in the Consolidated Income Statement related to lessor activity:

(\$ in millions)	
For the year ended December 31:	2019
Lease income—sales-type and direct financing leases	
Sales-type lease selling price	\$1,509
Less: Carrying value of underlying assets excluding unguaranteed residual value	591
Gross profit	918
Interest income on lease receivables	303
Total sales-type and direct financing lease income	\$1,221
Lease income—operating leases	324
Variable lease income	56
Total lease income	\$1,601