Now we move the knee down 0.8", and go to measure T1 again...

Reference Tool loaded in the spindle, Z axis at home (machine zero)
Z axis position displayed on DRO is measured from last Z axis Part Zero, and could be almost anything. For this example, suppose that the Z axis DRO position reads +1.500 when Z is at home.

Reference Tool brought down to touch tool-measuring surface
Use F1 to set Z Reference here
If the Z axis has moved down 2.9" to reach the surface, then the Z DRO will read -1.400 here, and that is what will be shown on the screen as the Z Reference position.

Tool #1 loaded in the spindle
Z is again at home, and no offset is active, so the Z axis DRO position reads +1.500 again.

Tool #1 brought down to touch tool-measuring surface
Use F2 to measure Height Offset H001 here
If the Z axis has moved down 4.0" to reach the surface with this tool, then the Z DRO will read -2.500 here.
-2.500 minus -1.400 equals -1.100 Measured offset H001 is -1.100

The Z axis has moved down 3.7" to reach the surface, so the Z DRO will read -2.200 here, and that is what will be shown on the screen as the new Z Reference position.

Z is again at home, and no offset is active, so the Z axis DRO position reads +1.500 again.

The Z axis has moved down 4.8" to reach the surface with this tool, and the Z DRO will read -3.300
-3.300 minus -2.200 equals -1.100 Measured offset H001 is -1.100