[COMPANY NAME]

DE MINIMIS EXPENSING POLICY

Adopted: [Date of Adoption]

The guidelines set forth in this policy are the Company's de minimis expensing policy, and is a necessary requirement for compliance with the Internal Revenue Code and tangible property regulations promulgated thereunder. The guidelines are intended to be used for the Company's non-tax and tax reporting.

[COMPANY NAME] will not capitalize amounts meeting the following criteria:

1. Amounts paid to acquire, produce or improve tangible property not exceeding $500.00 [companies with audited financial statements should replace with $5,000] are charged to the appropriate de minimis expense accounts. This threshold is applied at the per item or per invoice level and must include any allocable expenses on the invoice, e.g., taxes, transportation, etc., or
2. Amounts paid to acquire, produce or improve tangible property with an economic useful life of 12 months or less are charged to the appropriate de minimis expense accounts.

This policy does not apply to land, inventory, or certain rotable, temporary, emergency spare parts.