

REPAIRS, MAINTENANCE, AND IMPROVEMENTS EXPENSING POLICY

Adopted: December 31, 2013

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

will not capitalize amounts for repairs, maintenance, and improvements on owned or leased buildings with unadjusted basis under \$1 million as long as the Company's three-year average gross receipts do not exceed \$10 million and the amount paid for such repairs, maintenance, and improvements do not exceed the lesser of the following:

- 1) 2% of the unadjusted basis of the building, or
- 2) \$10,000.

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