



Disposition of Company-Owned Plant and Equipment

Procedure Number: 360.10

Issue Date: 09-Jan-2014

1) PURPOSE

- a. To establish and maintain a uniform procedure throughout GE – Aviation for the disposition of Company-owned plant and equipment that ensures proper documentation and credit to plant and equipment accounts. Sales of Company-owned plant and equipment to employees are prohibited.
- b. Note: The Environmental, Health & Safety (EHS) Equipment Disposition Form (Exhibit C) and a Fair Market Value (FMV) assessment must be completed prior to any discussion with a potential purchaser or done.**

2) Responsibility and Procedure

- a. Approval Requirements –
 - i. All equipment dispositions require OWNER Site EHS, Maintenance, and OWNER FR approval in addition to the following guidelines.
 1. Final approval levels to **dispose of** individual items by sale, scavenge, scrap or trade-in of Company-owned P&E will be obtained on Form GT2146 in accordance with the following:
 - a. Catalogued P&E approval level based on the net book value per the OWNER Fixed Asset System. Uncatalogued P&E approval level based on the fair market value as determined by the expert assigned by the OWNER:
 - b. If Book/Fair Market Value is U.S.\$-0- to less than U.S.\$ 25K then approval required by (not lower than¹) OWNER One level below Section-level manager
 - c. If Book/Fair Market Value is U.S.\$ 25K to less than U.S.\$ 250K then approval required by (not lower than¹) OWNER Section-level manager
 - d. If Book/Fair Market Value is U.S.\$250K and over then approval required by (not lower than¹) OWNER Department-level manager
 - e. ¹ For those GE affiliates that have adopted this procedure the term "Section-level manager" means the affiliate company's business leader.



2. **Disposition of Earmarked P&E** - Approval level based on analysis on Exhibit A. Additional approvals required on Exhibit A are International Trade Compliance, Sourcing Legal, Sourcing Finance, and OWNER Section-level manager.
 - a. If Fair Market Value is U.S.\$ -0- to less than U.S.\$ 250K then approval required by department-level manager *
 - b. If Fair Market Value is U.S.\$ 250K to less than U.S.\$ 500K then approval required by division-level manager *
 - c. If Fair Market Value is U.S.\$ 500K and over then approval required by GE Aviation President and CEO *
 - d. **Note:** *When savings are predicated on sale or gift of earmarked P&E to an outside supplier in exchange for reduction in parts or outsourcing of services costs, the requesting Section-level manager (on Exhibit A) must be from Sourcing

3. **Donation/Gifts** - Approval level based on fair market value as determined by an independent outside appraiser or other expert assigned by the OWNER. See Exhibit B. Additional approvals required on Exhibit B are EHS Legal Counsel, Manager – Community and Public Relations and Counsel - Tax Affairs. See focal points below.
 - a. Any donation regardless of FMV approval is required by EHS Legal Counsel*, Manger – Community & Public Relations**, Counsel – Tax Affairs**
 - b. For a donation with a FMV U.S.\$-0- to less than U.S.\$ 250K approval is required by Department-level manager
 - c. For a donation with a FMV U.S.\$ 250K to less than U.S.\$ 500K approval is required by Division-level manager
 - d. For a donation with a FMV U.S.\$ 500K and over approval is required by GE Aviation President and CEO

Note:

* EHS Legal Counsel approval required before proceeding with a Donation, regardless of FMV.

**Donations with written concurrence of the Manager-Community and Public Relations to ensure compliance with Corporate contributions policies and procedures. Tax



Department review required for all approved donations prior to donating.

- b. Decision Tree for Equipment Dispositioning (Exhibit F) – Review the flowchart to determine the appropriate disposition process
- i. Any Surplus asset within Aviation which does not have a known use at another GE Aviation site must be considered for disposition through the GE Aviation Asset Manager (GE Capital Redeployment and Remarketing (R&R) program).
 - ii. Surplus assets which may be candidates for the R&R program must be communicated to **the P&E GMT Ops Leader**. Assets which are accepted into the R&R program will follow the process as described below **for the Saleable Surplus P&E process with GE Capital performing the steps as indicated in the table below**.
- c. **Saleable Surplus P&E**- Items no longer required by the OWNER but whose design and/or good or fair condition indicate potential utilization within the Company as is, with acceptable rebuild costs or for trade-in or scavenging value. Normally transferred within the Company or sold outside the Company. Contact your Division P&E GMT Member for guidance.
- i. OWNER or designated PRC –
 1. Identify equipment as Saleable surplus. Begin to prepare Form GT2146, "Disposition of Company Owned Plant and Equipment." Follow and complete the EH&S Equipment Disposition Form (Exhibit C). Ensure all computer equipment and equipment with software and data storage capabilities are purged of all data and licensed software programs.
 2. Obtain approvals on GT2146 as provided in III.A.
 3. Purchaser - If **within** the same GE Aviation legal entity, the equipment transaction is treated as a relocation or transfer and not a sale. Contact the SCD Fixed Asset CoE with any questions. Complete Form GT2144 and follow Procedure 310.02.
 - ii. OWNER FR –
 1. Furnish first cost and current net book value from the GE Folders Fixed Asset Subledger for Xerox clients on all cataloged P&E so that required level of approval (III.A.) can be determined.
 2. Purchaser – Internal GE sale to related party - Upon completion of the sale log a workflow request to Xerox for dismantlement of asset and recording of proceeds. For non-Xerox clients follow local practice for recording dismantlements.



3. Purchaser -External (non-GE) – Upon completion of the sale, the OWNER FR must input information from the GT2146 to record the dismantlement of the asset on the ACS Fixed Assets online system. This is available via the workflow request for catalogued assets.
- iii. OWNER/PRC, expert designated by OWNER, and OWNER FR or GE Capital –
 1. Establish Fair Market Value for P&E
 - iv. OWNER or designated PRC or GE Capital –
 1. Identify purchaser and arrange for sale to purchaser.
 2. Purchaser- If within GE but not within same legal entity, the equipment transaction is treated as a sale between related parties - Contact the SCD Fixed Asset CoE with any questions. Obtain Purchase Order from purchaser. Forward the completed GT2146 copies to appropriate organizations, and notify OWNER FR of purchase details.
 3. External (non-GE) Purchaser - same as above.
 4. No Purchaser Found– Refer to Scavenge or Scrap process.
 - v. OWNER FR or GE Capital –
 1. Purchaser – Internal GE - Upon receipt of completed GT2146, follow Intercompany Sales of Fixed Assets instructions, contact Focal Point - Daniel T. Smith, SCD Fixed Assets CoE.
 2. External (non-GE) Purchaser – Upon receipt of completed GT2146 and purchase order, then OWNER FR prepares and submits invoice (Exhibit E) and coordinates completion of Bill of Sale (Exhibit D) with OWNER/PRC
 - vi. OWNER/PRC and OWNER FR or GE Capital –
 1. Prepare Bill of Sale (Exhibit D).
 2. Upon receipt of payment by Purchaser, arrange to have Purchaser pick up equipment. For Aviation Parent locations receipts should be sent to the PNC Lockbox account. Proceeds should be recorded to the 120350xx0000 account (Xerox clients) where “xx” equals the Product Line. For non-Xerox clients follow local practice for cash collections. Equipment is sold “AS IS, WHERE IS.” Issue shipping document in accordance with Procedure 400.41.
 - vii. OWNER FR and Fixed Asset Accounting –



1. Upon notification from OWNER FR (approved copy of GT2146), remove asset from Fixed Asset accounts and offset proceeds
- d. **Scavenged P&E** – Equipment designated as scrap containing salvageable parts, which have future use. Contact your Division P&E GMT Member for guidance.
- i. OWNER or PRC –
 1. Identify equipment to be scrapped/scavenged. Prepare Form GT2146 "Disposition of Company Owned Plant and Equipment." Follow and complete the EH&S Equipment Disposition Form – Exhibit C. Ensure all computer equipment and equipment with software and data storage capabilities are purged of all data and licensed software programs.
 - ii. OWNER & OWNER FR –
 1. Contact OWNER FR to obtain Net Book Value from the GE Folders Fixed Asset Subledger for Xerox clients for cataloged equipment so that required level of approval can be determined. For non-cataloged equipment approvals are based on fair market value as determined by an Industrial Engineer or other expert assigned by the OWNER.
 - iii. OWNER –
 1. Obtain approvals as required in III.A. After obtaining approvals distribute copies to designated organizations noted on form. NOTE: Finance representative copy must be forwarded to the appropriate finance representative to ensure adjustment of pertinent accounting and property records.
 2. Remove all parts to be scavenged. These parts are no longer considered P&E. After scavenging, equipment residue will be sold, scrapped or donated. Refer to the applicable process in this procedure. Mutilate the P&E
 3. For scrap metal, dispose of scrap metal in accordance with Procedure 421.14, "Sale and Disposal of Scrap Metal - Evendale" or normal site scrap routines at non-Evendale locations
 4. Arrange to have the remaining equipment identified as scrap to be moved to a designated scrap area
 - iv. OWNER FR & Fixed Asset Accounting
 1. If fixed asset records are maintained by Xerox, Finance rep must input information from the GT2146 into the ACS Fixed Assets online system, available via the workflow request for catalogued assets. When recording the retirement,



the finance rep should select the Scrap category. The system will create an automatic journal entry crediting the proper P&E account. If records are not maintained at Xerox then finance rep will adjust pertinent accounting and fixed assets records.

- e. **Scrap P&E** - Equipment should be designated as scrap if equipment cannot be economically redeployed within GE or sold to an outside affiliate or company. Contact your Division P&E GMT Member for guidance.
 - i. OWNER or designated PRC –
 1. Identify equipment to be scrapped. Prepare Form GT2146 "Disposition of Company Owned Plant and Equipment." Follow and complete the EH&S Equipment Disposition Form – Exhibit C. Ensure all computer equipment and equipment with software and data storage capabilities are purged of all data and licensed software programs.
 - ii. OWNER & OWNER FR –
 1. Contact OWNER FR to obtain Net Book Value from the GE Folders Fixed Asset Subledger for Xerox clients for cataloged equipment so that required level of approval can be determined. For uncatalogued equipment approvals are based on fair market value as determined by an Industrial Engineer or other expert assigned by the OWNER.
 - iii. OWNER –
 1. Obtain approvals as required in III.A. After obtaining approvals distribute copies to designated organizations noted on form. NOTE: Finance representative copy must be forwarded to the appropriate finance representative to ensure adjustment of pertinent accounting and property records.
 2. For scrap metal, dispose of scrap metal in accordance with Procedure 421.14, "Sale and Disposal of Scrap Metal - Evendale," or normal site scrap routines at non-Evendale locations.
 3. Have the equipment mutilated.
 4. Arrange to have the equipment moved to a designated scrap area.
 - iv. OWNER FR & Fixed Asset Accounting –
 1. If fixed asset records are maintained by Xerox, Finance rep must input information from the GT2146 into the ACS Fixed Assets online system, available via the workflow request for catalogued assets. When recording the retirement, the finance rep should select the Scrap category. The system will create an



automatic journal entry crediting the proper P&E account. If records are not maintained at Xerox then Finance rep will adjust pertinent accounting and fixed assets records.

f. **Donation P&E** – The following priorities will be considered unless otherwise dictated on **Exhibit B**: 1) salvage to other GE – Aviation operating organizations, 2) salvage to other Company components, 3) sale as surplus or scrap, or 4) scavenging. Contact your Division P&E GMT Member for guidance.

i. OWNER or PRC

1. Identify equipment for donation. Follow and complete the EH&S Equipment Disposition Form - Exhibit C. Ensure all computer equipment and equipment with software and data storage capabilities are purged of all data and licensed software programs
2. If EH&S approval obtained, prepare Exhibit B - Donation / Gifts of Plant & Equipment. Approval level is based on fair market value as determined by an independent outside appraiser or other expert assigned by the OWNER. Contact Counsel – Tax Affairs if FMV is U.S. \$5,000 or greater. Document method for determining FMV. Contact Sourcing for outside appraisal if required.

ii. Sourcing –

1. Obtain external appraisals on proposed donations (Exhibit B) if requested by OWNER.

iii. OWNER & OWNER FR –

1. Contact OWNER FR to obtain the asset's Date Acquired and Net Book Value use the GE Folders Fixed Asset Subledger for Xerox clients for cataloged equipment.
2. Complete Exhibit B1 Donated P&E Transfer Agreement and Bill of Sale. Equipment is donated "AS IS, WHERE IS."

iv. OWNER –

1. Obtain appropriate approvals as required per III.C. After obtaining approvals distribute copies to designated organizations noted on form. NOTE: Forward a copy to the Finance representative to ensure adjustment of pertinent accounting and property records.
2. Upon receipt of signed original of Exhibit B1 from donee, arrange for donee to pick up donated equipment unless other arrangement is made. Issue shipping document in accordance with Procedure 400.41



3. Obtain written acknowledgement of donation from the charity that includes:
 - a. The name of the charity,
 - b. Date and location of the contribution,
 - c. A reasonable detailed description of the property,
 - d. Whether the charity gave GE value (goods or services) in return as a result of the contribution, and
 - e. The estimated FMV of the property.
- g. **Earmarked P&E** - Items currently or recently in use within GE – Aviation that are being considered by **Sourcing** for sale to outside suppliers of parts and/or services, or to customers which will result in a cost savings, cost avoidance, or other business objective. Contact your Division P&E GMT Member for guidance.
 - i. OWNER or PRC –
 1. Identify equipment for disposition as Earmarked P&E in conjunction with Sourcing. Follow and complete the EH&S Equipment Disposition Form – Exhibit C. Ensure all computer equipment and equipment with software and data storage capabilities are purged of all data and licensed software programs.
 - ii. Sourcing –
 1. Obtain appraisal on proposed sale of earmarked P&E (Exhibit A) in order to establish the fair market value of each item.
 2. Prepare Exhibit A, obtain all required approvals and coordinate disposition of earmarked P&E with SO FR and OWNER FR
 - iii. Sourcing FR –
 1. Assist Sourcing with preparation of Exhibit A and review and approve. Forward copy of Exhibit A to OWNER FR.
 - iv. OWNER FR and Fixed Asset Accounting –
 1. If fixed asset records are maintained by Xerox, Finance rep must input information from Exhibit A into the Xerox Fixed Assets online system, available via the workflow request. When recording the retirement, the finance rep should select the Scrap category. The system will create an automatic journal entry crediting the proper P&E account. If records are not maintained at Xerox then Finance rep will adjust pertinent accounting and fixed assets records.
 - v. OWNER/Sourcing –



1. Arrange for Supplier/Customer to pick up equipment. Issue shipping document in accordance with Procedure 400.41. Equipment should be transferred “AS IS, WHERE IS,” unless otherwise negotiated and approved on Exhibit A.
- h. **Trade-In of Company Owned P&E** - Items currently or recently in use within GE – Aviation that are being considered by OWNER and **Sourcing** for trade-in on purchase of new P&E. Contact your Division P&E GMT Member for guidance.
- i. OWNER or PRC –
 1. Identify equipment for disposition as a **Trade-In** when purchasing new P&E, in conjunction with Sourcing. Complete a requisition for purchase of new equipment & indicate GE Tag number and Trade-In value, if known. Follow and complete the EH&S Equipment Disposition Form Exhibit C. Ensure all computer equipment and equipment with software and data storage capabilities are purged of all data and licensed software programs.
 - ii. Sourcing –
 1. Establish Trade-In value of equipment. Obtain two quotes from the supplier. One quote without trade-in and a second quote with trade-in. Verify with OWNER FR the NBV of the asset and confirm that P&E is available for trade-in before finalizing the purchase order for the new equipment
 - iii. OWNER –
 1. Prepare Form GT2146 “Disposition of Company Owned Plant and Equipment.”
 2. Contact OWNER FR to obtain Net Book Value from the GE Folders Fixed Asset Subledger for Xerox clients for cataloged equipment so that required level of approval can be determined. For non-cataloged equipment approvals are based on fair market value as determined by an Industrial Engineer or other expert assigned by the OWNER
 3. Obtain approvals as required in III.A. After obtaining approvals, distribute copies to designated organizations noted on form. NOTE: Finance representative copy must be forwarded to the appropriate finance representative to ensure adjustment of pertinent accounting and property records
 - iv. OWNER FR and Fixed Asset Accounting –
 1. If fixed asset records are maintained by Xerox, upon completion of the trade-in, log a workflow request to Xerox for dismantlement of asset. For non-Xerox clients follow local practice for recording dismantlements. If records are not maintained at Xerox then finance rep will adjust pertinent accounting and fixed assets records.



v. Fixed Asset Accounting –

1. Adjust New Asset value as equal to the trade-in value plus purchase price of new asset.

3) Definitions

a. Company-Owned Plant and Equipment (P&E)

- i. **Cataloged P&E** - As outlined in GE General Accounting Policy 360.10 consists of items for which historical records are maintained. These items are identified by a serially numbered black and silver oval-shaped aluminum tag (e.g., NP246735), a silver and black label with bar coding (e.g., GT6173-1), or a red/white/black label with bar coding. Descriptive data, costs, and book value are listed on Fixed Assets' records.
- ii. **Uncatalogued P&E** - As outlined in GE General Accounting Policy 360.10 consists of items that are considered not economical or impractical to catalog.

b. Disposition Categories

- i. **Earmarked P&E** - Items currently or recently in use within GE – Aviation that are being considered by Sourcing for sale to outside suppliers of parts and/or services, or to customers that will result in a cost savings, cost avoidance, or other business objective. Condition of equipment is not a consideration.
 1. **NOTE:** SALE OF EQUIPMENT TO SUPPLIERS OR CUSTOMERS INTRODUCES UNIQUE CONSIDERATIONS THAT MUST BE REVIEWED CAREFULLY TO ENSURE COMPLIANCE WITH PROCEDURES AND POLICIES. THEREFORE LEGAL AND SOURCING FINANCE REVIEW AND APPROVAL ARE REQUIRED PRIOR TO SUCH SALES.
- ii. **Saleable Surplus P&E** - Items no longer required by the OWNER but whose design and/or good or fair condition indicate potential utilization within the Company as is, with acceptable rebuild costs, or for trade-in or scavenging value. Normally transferred within the Company or sold outside the Company.
- iii. **Scavenged P&E** - Residue of items from which components or parts have been removed. The expert assigned by the OWNER will determine whether to be sold as scrap, saleable surplus, or otherwise utilized.
- iv. **Scrap P&E** - Items no longer required by the OWNER and whose design and/or poor or inoperable condition indicate no potential utilization within the Company, with prohibitive rebuild costs and little or no value for trade-in or scavenging. Normally sold outside the Company as scrap.



- v. **Donation P&E**– Items donated to a qualified charitable organization with written concurrence of the Manager-Community and Public Relations to ensure compliance with Corporate contributions policies and procedures. Additionally, prior approval of the Counsel - Tax Affairs is required for all approved donations. See focal points, below.
- c. **Fair Market Value (FMV)** – The price/value determined if an unrelated, knowledgeable, willing purchaser and seller each acting rationally, in their own best interest, negotiated at arm’s-length.
 - i. Suggested methods for determining FMV for used equipment for sale:
 1. Utilize the GE Aviation Asset Manager (GE Capital’s redeployment and remarketing program).
 2. Contact the manufacturer's customer service area and ask how much their used equipment sells for.
 3. Contact a machinery equipment dealer (located in the Yellow Pages phonebook) to inquire on value of used equipment.
 4. Review internet auction sites such as eBay for recent sales of same/similar equipment.
 5. Contact an appraiser (established by Sourcing) to provide appraisal on equipment.
- d. **Fixed Assets** - Fixed Assets Accounting organization, within your legal entity. Xerox, formerly Affiliated Computer Services, Inc. (ACS), Fort Myers, Florida for Xerox clients.
- e. GT2146 – Form used to list assets for disposition via Sale, Trade-In, Scrap or Scavenge.
- f. **Fixed Asset System** – For Xerox Clients: ACS Fixed Assets online system, available via the ACS Fixed Assets home page. For non-Xerox Clients: the site’s fixed asset system.
- g. **Legal Entity** - Company owning the plant and equipment.
- h. **Mutilation** - Deliberate damage to scrap P&E, performed before the P&E is removed from the facility, by which it is physically rendered unsuitable for its intended use. Mutilation may be accomplished by one or a combination of the following methods: grinding; burning; removal of a major lug or other integral feature; cutting a hole with torch or saw; melting; cutting in two or more pieces.
- i. **Net Book Value (NBV)** – First Cost of asset less accumulated depreciation.
- j. **Owning Organization (OWNER)** - The organization having physical accountability for cataloged P&E as indicated by Fixed Assets records or physical possession of uncataloged P&E.



- k. **Owning Organization's Financial Representative (OWNER FR)** - The individual who normally furnishes professional financial advice and services to the OWNER.
- l. **P&E GMT Team Member** – Division GMT Representative for Plant and Equipment.
- m. **P&E GMT** - Plant and Equipment Executive Guidance Management Team
- n. **Property Representative/Coordinator (PRC)** - The individual identified to Fixed Assets by his/her management as having responsibility for asset accountability including: asset redeployment, saleable surplus, scavenge, scrap, or donation potential. Initiates and processes required forms. Prepares asset for disposition as directed for Company-owned P&E.
- o. **Sourcing Organization (SO)** - The Sourcing function oversees Earmarked P&E dispositions to suppliers/customers to ensure the Company's best interests are served. Contracts for outside appraisal services when required.
- p. **Sourcing Organization's Financial Representative (SO FR)** - The individual who furnishes professional financial advice and services to maximize benefit to GE – Aviation for SO transactions.
- q. **Trade-In of Company Owned P&E** - Items currently or recently in use within GE – Aviation that are being considered by OWNER and Sourcing for trade-in on purchase of new P&E

4) Additional Information and Contacts

- a. Focal Points –
 - i. P&E GMT Leader
Mike Meyer - 513-243- 2965
 - ii. Supply Chain Division Contact
John Rodriguez - 513-243- 2431
 - iii. Engineering Division Contact
John Lusher - 513-243- 4016
 - iv. IT Software Division
Diane Kittrell – 513-672-7903
 - v. CEO Division Contact
Stephanie Wedekind – 513-243-4978
 - vi. MSO Division Contact
TBD
 - vii. Engine Services Division Contact
Sean Collopy – 513-243-0952
 - viii. BGA&IS Division Contact
David Lewis – 513-552-4887
 - ix. Senior Financial Analyst – SCD Fixed Asset CoE



Daniel T. Smith – 513-243-1667

- x. Finance Manager – SCD Fixed Assets CoE
Doug Dicken – 513-243-5244
 - xi. Fixed Asset Accounting Controls Leader – Xerox Ft Meyers
Tomasina J. Hughes - 239-275-2889
 - xii. Manager - Community & Public Relations (Donations only)
Pat Zerbe – 513-243-0505
 - xiii. Counsel – Tax Affairs (Donations only)
Sal Mazzeo – 513-243-6550
- b. Exhibit Materials
- i. Exhibit A - Disposition of Active (Earmarked) Plant & Equipment on Non-competitive or Competitive Bid Basis - Costs Summary and Approval
 - ii. Exhibit B - Donation/Gifts of Plant & Equipment
 - iii. Exhibit B1. -Donated P&E Transfer Agreement and Bill of Sale
 - iv. Exhibit C EHS Equipment Disposition Form
 - v. Exhibit D – Agreement and Bill of Sale
 - vi. Exhibit E – Example Sales Invoice
 - vii. Exhibit F – Decision Tree for Equipment Dispositioning
 - viii. Form GT2146: – Disposition of Company-Owned Plant and Equipment