

RELOCATION GUIDE

FOR

**PROFESSIONAL AND EXPERIENCED
NEW EMPLOYEES**

OF

MARATHON OIL CORPORATION

OR

ITS SUBSIDIARIES OR AFFILIATES

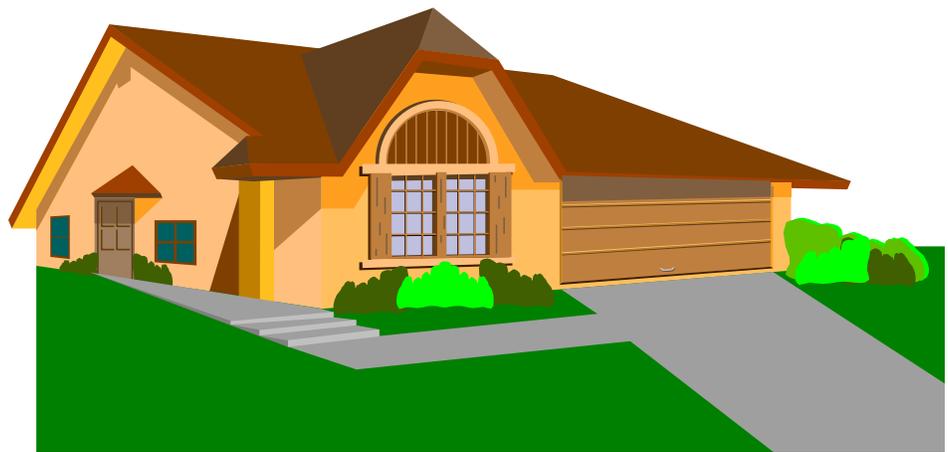


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INTRODUCTION

Now that you have accepted employment with the Company, you will have to make many decisions affecting you and your household members. The Company recognizes this and wants to make your relocation as easy for you as possible.

Relocating is your personal business and most of the details to be handled will be your responsibility. You have up to one year from your hire date to complete your relocation. How and when you accomplish the relocation is governed by such considerations as job requirements and household needs. You should consult with your management and Human Resources personnel to determine how best to schedule your relocation activities.

It is in your best interest to spend enough time now to understand thoroughly all the provisions and limits of the Relocation Assistance Plan for Experienced New Employees (the Plan) to avoid confusion later. The best and easiest moves are those which have been well-planned and where all communications are both clear and timely. Your thorough understanding of how the Company will assist you will greatly enhance the relocation process. Questions concerning interpretations and unusual circumstances not addressed in this Guide should be raised early and referred to a Relocation Property Management (RPM) representative. As a word of caution, don't rely on your previous experience or your new co-workers; the Plan is continuously under

review and may have changed since that time or your co-workers may have been eligible for a different Plan.

Our Plan is a very good one, as you'll soon discover through reading this Guide. This assistance, like other employee benefits, is expensive to administer. Therefore, we encourage you to apply initiative, sound judgment and constraint in using all aspects of this Plan.

At the conclusion of your relocation, you are required to complete a New Employee Expense Reimbursement Report. The reimbursement of expenses and the payment of the relocation allowance, as outlined in this Guide, will occur upon the completion of the transfer. Your relocation is considered complete when you and your household members, if applicable, have moved to permanent housing at the new location and Employee Relocation has approved your New Employee Expense Reimbursement Report. In addition to being contingent upon your completion of the relocation, the reimbursement of expenses is contingent upon your providing the necessary documentation to substantiate your relocation expenses.

All funds provided to you before the approval of the New Employee Expense Report will be considered advances. You must repay any new employee advances for amounts which are not ultimately approved in the New Employee Expense Reimbursement Report.

In addition, if for any reason including

your voluntary termination of employment, you are unable to complete the relocation, you will be responsible for returning to the Company all advanced funds (including advances against the relocation allowance) for which supporting documentation as legitimate, reimbursable expenses is not provided to and approved by the Company.

The remainder of this Guide describes, in a general manner, the principal types of assistance the Company provides under the Plan. It is not intended to replace or modify in any way the provisions or interpretations of the Plan. Those provisions and interpretations will control if there is ever any conflict between them and this Guide.

REPAYMENT AGREEMENT

Prior to receiving any relocation benefits, you will be required to sign an Employee Reimbursement Agreement. If you should terminate your employment voluntarily (or be involuntarily terminated for cause) after receiving relocation benefits, you will be required to repay your expenses at a rate of 8.33% for each calendar month of service not completed during the 12 calendar months counting from the first of the month in which the relocation occurred. Repayments would not be required if termination of service results from a bona fide health reason of you or a household member.

ELIGIBILITY

If you are employed by the Company at a

Salary Grade 10 or higher and at a salary not less than the mid-point of Grade 10 and are required by the Company to relocate to a job assignment which is at least 50 miles (as determined by the IRS calculation) from your current job assignment, you are eligible for the allowances and services provided by this Plan.

If two or more household members are employed by the Company and are relocated simultaneously, the move is regarded as a single relocation; and policy provisions apply only once. The Relocation Allowance will be based on the salary of the highest-paid employee.

HOME SALE ASSISTANCE

The first step in your relocation is dealing with the many details associated with selling the house you now own. In most instances, a house is your largest asset. Therefore, establishing your home's equity and market value will be of utmost importance in timing the coordination of the home sale in your former location and the home purchase at your new location.

Eligible Residences

In order for your primary residence to be eligible for home sale assistance, it must be one of the following:

1. A single family dwelling having a lot typical of residences in the immediate community and being free of excessive acreage or lots;

2. A house consisting of two separate family units in which you occupy one unit;
3. A condominium;
4. A mobile or modular home on a permanent foundation on land which you own. The wheels and axles must have been removed from the mobile home to qualify as permanent.

The disposition of any other properties you may own, whether for recreational or investment purposes, is considered your responsibility and will not be covered by the Plan.

Your home must be in marketable condition to be eligible for Home Sale Assistance. Marketable condition includes (but is not limited to) financing availability as well as being free of all structural and mechanical defects. The property must be your principal residence at the time of the relocation, to which you hold free and clear title. You will be responsible for all costs incurred to provide clear title.

If your primary residence is not occupied by a household member during the relocation, you will be reimbursed under the Plan for the following Home Site Expenses accordingly:

- house sitter/check – up to \$25 per week when the residence is unoccupied in excess of seven days and the provider is not an immediate household member.

- animal care – up to \$15 per day, per animal, for up to two animals.
- lawn maintenance – up to \$35 per week for lawn maintenance while the residence is unoccupied for periods in excess of seven days.
- snow removal – up to \$30 per week for snow removal as needed.
- the employee must submit valid receipts from the service provider indicating name of the provider, dates, times and costs of services.
- reimbursements for house sitter/check, animal care, lawn maintenance and snow removal are taxable expenses to employees.

Relocation Management Company

You are expected to aggressively and actively market your home in an attempt to arrange a sale. To help you market your home effectively, the Company has contracted with a Relocation Management Company, Relocation Properties Management LLC (RPM), to provide a **Marketing Assistance Program (MAP)** which will provide you with professional guidance, including selection of a real estate broker; setting a realistic listing price; suggestions for necessary repairs and improvements; a marketing strategy and negotiation assistance.

Since you have up to one year from your employment date to complete your relocation, if you plan to use the Home Sale Assistance Program through RPM,

enrolling in the MAP no later than six months from your employment date will help ensure that your sale is **closed** before the one-year eligibility period has expired. You should contact RPM as soon as you are ready to sell your home. The RPM Counselor will provide you with a list of approved real estate agents for your area. You will need to select two agents (at least one must be from the approved list). Both agents must agree to any contractual arrangements normally required to participate in the MAP.

Both real estate agents will do a Broker Market Analysis (BMA) which will be forwarded to RPM and you within five days. The RPM counselor will review the BMAs with the real estate agent and you and suggest a "Listing Price". Your listing price should not exceed the average of the suggested listing prices on the BMAs by 5% (or 10% of the average suggested sales prices on the BMAs).

Broker Registration

In an effort to improve the quality of real estate agent selection and control costs, the Company is using a "Broker Registration" program with RPM. Your utilization of this program in the selling of your home is important and failure to do so may result in increased relocation costs for the Company.

Simply let your relocation consultant know which real estate agent you would like to list with before talking with the agent. You will sign the listing agreement. Make sure it contains the

following **exclusion clause**:

"The owners hereby reserve the right: (1) to sell this property directly to RPM at any time, and in such event, this agreement is canceled with no obligation for commission or continuance of listing hereafter or (2) to request consideration through the Buyer's Value Option or Amended Value Offer Program of any written offer acceptable to RPM for closing and payment of commission in accordance with the terms of the RPM listing agreement."

RPM will work with you and your real estate agent for the next 60 days to produce a sale. If you secure a bona fide offer to purchase during this 60-day period, **DO NOT INDICATE VERBAL ACCEPTANCE, TAKE ANY MONEY OR SIGN ANY DOCUMENTS WHICH WOULD CONSTITUTE ACCEPTANCE OF THE OFFER.** The Internal Revenue Service has mandated that certain procedures must be followed for a Buyer's Value Option sale to qualify for non-taxable treatment. Your RPM counselor will review all aspects of the offer and determine if the offer is in good faith and that all contingencies and terms negotiated between you and the Buyer are acceptable. Any costs you agree to pay (i.e., seller's discount points, repairs) will be subtracted from the offer price.

If RPM accepts the contract, they will issue you an offer to match the sales price. You will need to vacate your home in accordance with the terms of the sales

contract with your buyer. You will be responsible for all expenses associated with your home (real estate taxes, mortgage payments, maintenance, etc.) up to the vacating date or date of closing, whichever is later. After vacating your residence, you will receive your equity, which will be equal to the difference between the balance of the mortgage plus prorated costs (taxes, interest, etc.) and the RPM offer.

If you are unable to secure a sale within the first 45 days, you will be entered into RPM's Home Purchase Program and you will be issued a **Guaranteed Offer**. To determine the value of your home, appraisals will be made by two appraisers selected by you from a list of appraisers supplied to you by RPM. Data relating to the recent sales of homes similar to yours is the most important element in the appraisal process. The appraisers must take into account current market and financing conditions, as well as other homes which are on the market. So you feel comfortable that all relevant information has been considered by the appraisers, you may wish to provide them with information on similar homes that have recently sold in your area. Prepare a fact sheet to hand to the appraisers as soon as they begin their property inspection. On the fact sheet, list all of the amenities which your house features.

Home appraising is not an exact science. Certainly an error of fact, such as omitting a garage or other major feature, is a valid basis for question and possible correction. If an appraiser's opinion of

value differs from yours and the difference is not due to an error of fact, then we have an honest difference of opinion. There is a certain level of subjectivity in the appraisal process, which is why we average two (or three) appraisals to determine your offer. While you are entitled to appeal the offer, disappointment because an appraiser's opinion of market value differs from yours is not a valid reason to re-evaluate the appraisal/offer. Should you decide to appeal the offer, you must provide valid information to RPM as to why you feel the appraisals should be re-examined. To help you understand what factors determined the value of your home, copies of the appraisals can be secured from your RPM representative.

The offer which RPM will make on your property represents the most probable sales price for your home and is determined by averaging the two appraisals. If the two appraisals differ by more than five percent (5%), a third appraisal will be ordered (you will be contacted to select the appraiser) and all three appraisals will be averaged or the two closest of the three appraisals will be averaged, whichever is higher, to determine the Guaranteed Offer. RPM may disregard an appraisal with a valuation which it considers not supportable, provided that another appraiser replaces the disregarded appraisal.

When there is evidence, as disclosed by you or identified by the broker or appraiser, that a problem exists or if

inspections are required by local law, RPM will order such inspections. If the results of these inspections are not satisfactory, RPM may cancel the contract, have reasonable repairs done to correct the problems disclosed by the inspections and charge the costs to you, or require you to make reasonable repairs at your expense.

Assuming there are no unusual circumstances, you will normally receive the RPM offer within two to three weeks after both appraisers have completed their appraisals. The Guaranteed Offer will be valid for 30 days. RPM will continue to work with you and your real estate agent to produce a sale during this 30-day period. If you secure a bona fide offer to purchase during this 30-day period, **DO NOT INDICATE VERBAL ACCEPTANCE, TAKE ANY MONEY OR SIGN ANY DOCUMENTS WHICH WOULD CONSTITUTE ACCEPTANCE OF THE OFFER.** The Internal Revenue Service has mandated that certain procedures must be followed for an Amended Value sale to qualify for non-taxable treatment. Your RPM counselor will review all aspects of the offer and determine if the offer is in good faith and that all contingencies and terms negotiated between you and the Buyer are acceptable. Any costs you agree to pay (i.e., seller's discount points, repairs, etc.) will be subtracted from the offer price.

If RPM accepts the contract, they will issue you an offer to match the sales price. You will need to vacate your home

in accordance with the terms of the sales contract with your buyer. You will be responsible for all expenses associated with your home (real estate taxes, mortgage payments, maintenance, etc.) up to the vacating date or date of closing, whichever is later. After vacating your residence, you will receive your equity, which will be equal to the difference between the balance of the mortgage plus prorated costs (taxes, mortgage interest, etc.) and the RPM offer.

If you secure a bona fide sale during this 30-day period for no less than 97% of the Guaranteed Offer, you will be paid equity based on the net sales price or the Guaranteed Offer, whichever is greater.

If you are unable to secure a bona fide sale during the 60-day MAP or the 30-day Guaranteed Offer period, you can accept the RPM Guaranteed Offer. RPM will assume responsibility for your mortgage payments, utilities and the maintenance of your property as of the date of closing. If a mortgage payment is due at the time you accept the Guaranteed Offer, you should make the payment, making sure you advise RPM. Insurance coverage on the property remains your responsibility until the date of closing. You may need to occupy the home for a period of time after you have accepted the Guaranteed Offer; and you may do so for up to 60 days. During this period of time, you will be responsible for the property and must permit the real estate broker, acting for RPM, to show the home to prospective buyers.

If you choose to reject the Guaranteed Offer, there is no further home sale assistance provided through RPM. If within 90 days after you have rejected the Guaranteed Offer, you consummate the sale of your home, you will be reimbursed closing costs as outlined in the Home Selling Expense section of this Guide.

HOME SALE BONUS

The Company has designed a bonus program to provide an added incentive for you to market your home effectively. A bonus will be paid to you on any employee-generated sale (excluding a sale to RPM.) The Company will pay you a bonus equal to three percent (3%) of the sales price, maximum \$10,000. If your Amended Value sale is within 97% of the Guaranteed Offer, your bonus will be calculated on the Guaranteed Offer amount. This bonus is **taxable and not subject to the tax allowance provision**. Your eligibility for this bonus will expire when your eligibility for reimbursement of home selling costs expires.

HOME SELLING EXPENSES

If you sell your home without the assistance of RPM, you will incur selling expenses. You will be eligible for reimbursement of these expenses under the Plan if you consummate the sale no later than 90 days after you have rejected the Guaranteed Offer or refused to participate in the Home Sale Assistance program through RPM. If you do not consummate the sale within this time frame, you will not be reimbursed selling expenses.

The following home selling expenses are covered by the Plan. Since these expenses vary from locality to locality, reimbursement is limited to only those that are customary selling expenses for your locality:

- Brokerage fees (reasonable and customary for locality),
- Abstract or title insurance,
- Mortgage prepayment penalty,
- Revenue stamps or transfer fees,
- Recording fees, and
- Other costs which normally accrue to the seller.

The following home selling expenses are **not** covered by the Plan:

- Capital improvements or repairs required to sell your home,
- FHA, VA, and conventional loan origination fees, loan discounts, and buydown points. (These items are the purchaser's obligation to pay. If, through negotiation, you agree to pay for any of these items, they will not be reimbursed).
- Home warranty protection plan, and
- Any closing costs which the purchaser normally pays, that you, through negotiation, agree to pay.

MOBILE HOMES

If you live in a mobile home which you own, you may want to move the unit to your new location or you may decide to sell it. If the wheels and axles have been removed, the mobile home is on a permanent foundation, and the title covers both the mobile home and the land, the same policy for sale of a conventional home applies. If the mobile home does not meet these criteria, you will be paid a \$3,000 allowance (tax protected) to cover any costs incurred in moving or selling the mobile home.

LEASE CANCELLATION

If you were a renter at your old location, the Company will reimburse you for up to two months' rent in connection with a lease cancellation. This two months' rent would include forfeiture of a security deposit.

HOME PURCHASE ASSISTANCE

Buying a home at the new location is understandably as important as disposing of your former residence. Just as the Plan is designed to aid you in attempting to maximize the selling price for your old home, it is also intended to help you find and acquire a home at the new location.

Buying The Right House

Before beginning your search, you should: 1) **contact your RPM consultant to register your broker at the**

new location, 2) have a realistic estimate on how much revenue from the sale of your old home will be available to help make a down payment on the new one and 3) have decided how large of a monthly house payment you can afford. For each property, take a careful look at the:

- **Community.** Is it near your work? Does it have recreational and other facilities your household members need?
- **Neighborhood.** Is it quiet, well kept, safe, congenial? How near are schools, churches, shopping, health care facilities and parks?
- **Schools.** Are they well rated? Adequately financed?
- **Transportation.** Is public transportation accessible?
- **Property taxes.** What is the rate? On what basis of evaluation? How do taxes compare with nearby communities?
- **Utilities.** Are water, electricity, gas, sewers all available? Paid for? Or are there existing or future assessments?
- **Fire and police protection.** Are they adequate? You can obtain this information from your insurance company.

- House. Is the floor plan desirable? Is the house structurally sound? What's the condition of the mechanical equipment? Does it fit your present and future household members' needs?
- Resale value. Is this house a one-of-a-kind, special-interest property that will be difficult to sell if you're transferred again?

House-Hunting Expenses

If you are moving over 150 miles, the Company will reimburse you for the cost of one advance house-hunting trip. Additional trips are permitted if you moving less than 150 miles. This includes transportation, reasonable meals and lodging for yourself and one other household member.

In instances when you must compensate a provider for the care of dependent children, elderly parents and/or an incapacitated spouse during the house hunting trip that requires you to be away from the home at least one night, you will be reimbursed under the Plan according to the following provisions:

- an allowance up to \$60 per day for the first dependent child and up to \$35 for each additional dependent child.
- an allowance up to \$60 per day for care of an incapacitated spouse.
- an allowance up to \$60 per day for care of an elderly parent and up to \$35 for each additional elderly

parent.

- the provider cannot reside in the employee's house.
- the provider cannot be the parent of the dependent child(ren).
- the employee cannot be reimbursed for care that is normally provided had the relocation, otherwise, not occurred.
- the employee must submit valid receipts from the service provider indicating dates, times and cost of care.
- reimbursements are taxable expenses to employees.

The Plan permits a total of 25 days to be used for the Advance Trip/Temporary Living. The allocation of time for each purpose will be at your discretion.

NOTE: Most lenders will require copies of your last one or two W-2's as well as copies of your last two pay stubs. In order to make the loan process move more swiftly, you should retrieve these documents and take them along on your advance trip.

Homes for Sale

Company homes that are currently in inventory are listed on the Company MaraWeb Business Center's MOC Bulletin Board as "Looking For a New Home?". It could be advantageous for both you and the Company if you purchase one of these homes. If you are interested in seeing a listed home, contact your RPM representative.

Arrangements will be made with the listing realtor for you to see the home.

Closing Costs on a New Home

If you are a homeowner at the old location and purchase a home at the new location within 12 months of your employment date, the Company will reimburse you for certain costs you, as the purchaser, incur. When you are closing through a national mortgage lender provided by RPM, the lender will direct bill RPM for 50% of the reimbursable discount points and 100% of the other reimbursable closing costs.

In most cases, lenders conducting settlements are required to provide buyers with a Department of Housing and Urban Development settlement statement of these purchase costs. This statement should be submitted with your New Employee Expense Report to validate your actual purchase costs. The following chart identifies some, **but not necessarily all**, the items which are reimbursable under the Plan.

ITEM NO.	ITEM NAME	ITEM DESCRIPTION
801	Loan Origination/ Commitment or Any Other Loan Service Fee	This fee covers the lender's administrative costs in processing the loan which will vary among lenders and from locality to locality. Reimbursement is limited to \$250.

ITEM NO.	ITEM NAME	ITEM DESCRIPTION
802	Loan Discount	Often called "points," a discount point is a one-time charge used to adjust to a lower mortgage interest rate. Each "point" is equal to one percent (1%) of a mortgage loan amount. No discount points are paid by the Company if the "mortgage interest rate" is less than 6%. Up to one discount point is paid if the "mortgage interest rate" is 6% or greater but less than 8%. Up to two discount points are paid if the "mortgage interest rate" is 8% or greater. The "mortgage interest rate" is the rate on the 30-year mortgage interest rate set by the Federal National Mortgage Association (FNMA) and published in the Wall Street Journal on the day the employee locks into their mortgage loan's interest rate.
803	Appraisal Fees	This charge pays for a statement of property value for the lender made by an independent appraiser or by a member of the lender's staff.
804	Credit Report Fee	This fee covers the cost of the credit report which shows how you have handled other credit transactions. The lender uses this report in conjunction with other information you submitted to determine whether you are an acceptable credit risk and to help determine how much money to lend you.
805	Lender's Inspection Fee	This charge covers inspections, often of newly-constructed housing, made by personnel of the lending institution.
807	Assumption Fee	This fee is charged for processing the paperwork for cases in which the buyer takes over payments on the prior loan of the seller.

ITEM NO.	ITEM NAME	ITEM DESCRIPTION
1100	Title Charges	Title charges may cover a variety of services per-formed by the lender or others for handling and supervising the settlement transaction and related services. The specific charges discussed in connection with Items 1101-1109 are those most frequently incurred at settlement. Due to the great diversity in practice from area to area, your particular settlement may not include all those items or may include others not listed.
1101	Settlement or Closing Fee	A fee paid for escrow closing to the escrow agent (which may be a lender, real estate agent, title company representative, attorney, or an escrow company) for collecting and distributing monies and documentation.
1102 1103 1104	Abstract or Title Search Title Examination Title Insurance Binder	These charges cover the costs of the search and examination of records of previous transfers, to determine whether the seller can convey clear title to the property and to disclose any matters on record that could adversely affect the buyer or the lender.
1105	Document Preparation	There may be a separate document fee that covers preparation of final legal papers, such as a mortgage, deed of trust, note, or deed. You should check to see that these services are not also covered under some other service fees.
1106	Notary Fee	This fee is charged for the cost of having a licensed person affix his or her name and seal to various documents authenticating the execution of these documents by the parties.

ITEM NO.	ITEM NAME	ITEM DESCRIPTION
1107	Attorney's Fee	You may be required to pay for legal services provided to the lender in connection with the settlement, such as examination of the title binder or sales contract. If a lawyer's involvement is required by the lender, the fee will appear on this part of the form. Where this service is not required by the lender, yet it is a local custom and is paid for outside of closing, the person conducting the settlement is not obligated to record the fee on the settlement form; however, such fees charged to you, as the buyer, are reimbursable by submitting an itemized statement of attorney's fees.
1108		See Items 1109 and 1110.
1109	Lender's Title Insurance	A one-time premium may be charged at settlement for a lender's title policy which protects the lender against loss due to problems or defects in connection with the title. The insurance is usually written for the amount of the mortgage loan and covers losses due to defects or problems not identified by title search and examination. In most areas this is customarily paid by the borrower unless the seller agrees in the sales contract to pay part or all of it.
1110	Owner's Title Insurance	The charge for owner's title insurance protects you against loss due to title defects. In most areas, it is customary for the seller to provide the buyer with an owner's policy and for the seller to pay for this policy. However, if local custom requires that you pay this charge, it is reimbursed.

ITEM NO.	ITEM NAME	ITEM DESCRIPTION
1200	Government Recording and Transfer Charges	These fees may be paid either by the borrower or seller. The borrower usually pays the fees for legally recording the new deed and mortgage. The transfer charges collected when property changes hands or when a mortgage loan is made are set up by state and/or local governments. City, county and/or state tax stamps may have to be purchased as well.
1301	Survey	The lender or title insurance company may require a property survey to determine the exact location of the house and the lot line, as well as easements and rights-of-way. Usually the buyer pays these fees.
1302	Pest and Other General Inspections	This fee is to cover general home inspection costs (termite, radon, structural, mechanical, etc.)
1303	Condominium Documentation Review	If you finance the purchase of a condominium, the lender may make a charge for its review of the bylaws and other legal documents governing the condominium.

NOTE: Private Mortgage Insurance, which insures a portion of the purchaser's loan against default, is not reimbursable.

Equity Advance

In many instances you will not have received the proceeds (your equity) from the sale of your residence at your former location soon enough to make a down payment on your home at the new location. In such cases, RPM will provide you with an equity advance. If a bona fide sale is pending or you are in receipt of your Guaranteed Offer, you will be eligible for an equity advance equal to 100% of your equity or your down payment, whichever is less. If no sale is

pending nor have you received your Guaranteed Offer from RPM, you will be eligible for a 90% equity advance based on the average of the suggested sales price established by the BMAs. Please be advised that the equity advance derived from the suggested sales price rather than the Guaranteed Offer or a bona fide sale may result in a negative equity at closing with RPM that you will be responsible for paying.

Mortgage Interest Rate Subsidy

When you buy a home at your new location, it is possible that you will be facing a higher interest rate. If so, you may be eligible for a mortgage interest rate subsidy. The formula for calculating the subsidy is:

(New interest rate minus old interest rate (no less than nine (9) percent)) times (New home purchase price minus equity amount)

If you change the method of financing at the new location (e.g., from an adjustable rate mortgage to a long-term conventional fixed rate mortgage) compared to your arrangement at your old location, your interest rate differential is limited to two percent (2%). For subsidies based on adjustable rate mortgage financing at both the old and new locations, the subsidy will only be calculated on year one and will remain constant for the duration of the payout.

The purchase price may be amended one time according to the following rules:

- The purchase price amendment must be the result of expenses incurred for capital improvements or renovations made to your primary residence. Documentation of all expenses is required.
- Expenditure for labor and materials in connection with the improvements or renovations must be made or committed to, in

writing, within 90 days of closing. In situations where you choose to perform your own labor, no charge for such labor will be recognized.

- All work in connection with the improvements and renovations must be completed within one year from the date of closing.

The purchase price for newly-constructed homes will include the cost of the lot plus documented construction contracted for and completed within 12 months of the first documented construction plus:

a. Documented interest charges incurred on a construction loan during the construction period — after-tax costs assuming a marginal rate of 25% unless you can document a lower rate. The construction period is limited to nine months.

b. Documented interest charges incurred on a property loan during the construction period — same after-tax calculation and construction period as (a).

c. Documented insurance costs on the house and construction materials during the construction period — same construction period limitation as (a).

If you own your home free and clear, an interest rate of nine percent (9%) will be used as your old interest rate provided documentation exists proving the mortgage was paid off prior to any notification of employment.

Your equity amount is defined as the difference between the sales price of your home and any outstanding principal mortgage balance. Home equity loans will not be included in this calculation unless the proceeds were used for home improvements to your primary residence. Payments will be made as follows: Years 1-3: 100% of annual subsidy; Year 4: 75% of annual subsidy; and Year 5: 50% of annual subsidy. Your first installment will be paid to you at the time of final settlement of your New Employee Expense Report. If your total subsidy payments are less than \$500, the subsidy will be paid in a lump-sum. You will be required to re-qualify for the remaining four installments on an annual basis. In order to re-qualify, you will be required to verify that the property remains your primary residence and provide a statement from your lending institution confirming the current mortgage interest rate. Your subsidy will be recalculated if your mortgage rate has changed, subject to the above-mentioned limitations.

If the property is no longer your primary residence, if you are subsequently transferred, or if you resign or are terminated, the remaining subsidy payments will be discontinued. Upon death or retirement, the remaining subsidy payments will be paid in a lump sum.

You will be entitled to a subsidy if a home is purchased within 12 months of your original relocation. If you have not purchased a home at the new location and you are transferred again before the 12-month limitation period expires, you

will have 12 additional months from the most recent effective transfer date to buy a home at the new location to qualify for an interest rate subsidy.

If you choose **NOT** to sell your primary residence upon employment, you will still be eligible for the subsidy. The equity in your old home will equal its appraised value less the outstanding principal mortgage balance. The appraised value will be determined, at Company expense, by an appraiser selected by you from a list supplied by RPM. The old interest rate used in the formula will be the mortgage rate in effect at the time of employment but in no event less than nine (9) percent.

SHIPPING OF HOUSEHOLD GOODS/ PERSONAL EFFECTS

Once you submit the Reimbursement Agreement, RPM will contact you to make arrangements for your household move. The earlier this contact is made so all preliminary arrangements are made for your move, the greater the possibility will be that the carrier can handle your move on your preferred or chosen dates.

The Company will pay for a moving company to pack, move, and store (for a maximum of 365 days, provided the storage days fall within the one year relocation period) and unpack your household goods and personal effects.

If there are no additional means used to move your household goods, the Company will reimburse you for the rental

of leased equipment. If you use your personal vehicle to tow a trailer, the Company will pay you one and one-half times the current mileage reimbursement rate for this vehicle. If you rent a truck, the Company will reimburse you for the actual gas used by the truck. In order for reimbursement to be made, the leasing and towing must qualify as the most economical method of transportation.

If you are moving to or from Alaska, you have the option to either ship one personal vehicle for each licensed household member or receive payment equal to one-half the shipping costs.

If you are relocating a distance of at least 400 miles, the Company will pay for the shipping of one vehicle. The Company will **not** cover any public transportation costs incurred when a personal vehicle is shipped.

The cost of transporting up to two (2) pets from the old location to the new location is covered if it is not practical for the animal(s) to accompany the employee in the personal vehicle. This includes animals that are considered pets such as dogs and cats. It does not include animals such as horses or livestock.

TRAVEL EXPENSES

You will be reimbursed for the cost of transporting you and your household members to the new location. Expenses covered are reasonable meals, lodging, and transportation. If you travel by personal vehicle(s), you will be paid the

current mileage reimbursement rate between the old and new locations by the most practical and direct route. Such reimbursement is to cover gas, depreciation of the vehicle(s), tolls, etc. If you ship one personal vehicle, reimbursement will be limited to two vehicles; otherwise, reimbursement is limited to three vehicles. You and/or your household members are expected to use your personal vehicle(s) for this trip. If it is necessary to use public transportation, reimbursement will be based on tourist or economy fare. The Company will **not** cover any public transportation costs incurred when a vehicle is shipped. Lodging is limited to one night at the old location, nights during travel, and one night at the new location. All expenses reimbursed under this feature will be limited to those actually incurred during packing, unpacking, and traveling, and will not include vacation or business trips.

TEMPORARY LIVING EXPENSES

It may not be possible for you to move into your new residence immediately or you may have to move out of your old residence before you are ready to travel to the new location. In such instances, you will be reimbursed for reasonable meals and lodging for yourself and your household members. A maximum of 25 days is allowed for the Advance Trip/Temporary Living combined. This provision for temporary living is not a matter of automatic convenience or choice. Temporary living expenses are not allowed for a delay because you have chosen to build or remodel a home at the new location.

Depending on your work location, several options may be available for lodging during your temporary living, including furnished apartments. Any one of these options may be appropriate depending on your individual needs. Please contact your local Human Resources office to discuss the various choices of temporary living accommodations in your area.

Weapons will be permitted in lodging furnished or paid for by the Company as long as you have an approved exception to the Weapons Policy. This request should be made through your local Human Resources Office.

RELOCATION ALLOWANCE

During your relocation, you will find that you will incur expenses that are not covered by specific reimbursements. To assist you with these miscellaneous expenses, the Company will pay a relocation allowance of one times the employee's monthly salary, with a maximum relocation allowance not to exceed \$10,000.

This Relocation Allowance is a non-accountable sum which is **NOT** intended to be additional compensation for accepting the relocation or a down payment on a home or new car. Its purpose is to assist you in covering expenses that you incur during your relocation that are not separately reimbursed by a specific provision of the Plan. Because expenses vary widely for each relocation, it is impossible to list them all. Therefore, you should plan on allocating the entire

relocation allowance for this purpose.

The following are examples of personal expenses you may incur that are covered by the Relocation Allowance:

- vehicle inspection/registration, driver's licenses
- telephone installation
- club fees
- tips to movers
- utility hook-up charges
- alterations of carpets/drapes
- personal care items such as diapers, shampoo, etc.
- laundry/dry cleaning
- long-distance telephone calls
- internet usage
- homeowner's association dues
- home warranty
- child care and pet care not otherwise covered under home site expenses.
- lawn maintenance not otherwise covered under home site expenses.
- snow removal not otherwise covered under home site expenses.
- any other expense not specifically covered under another provision of the Plan.

NEW EMPLOYEE ADVANCES

You may need funds in advance of the final settlement to cover some of the expenses you will incur during the relocation. If so, you should contact the RPM office to arrange for such an advance. Keep in mind that you will be responsible for returning to the Company all advanced funds for which supporting documentation as reimbursable relocation expenses are not provided to and

approved by the Company. The following guidelines will be used when issuing advances:

- The relocation allowance - 100%
- Travel, advance trip, temporary living expenses, lease cancellation fees, selling costs, and purchase costs, other than loan origination fees and discount points - 90%
- Discount points and loan origination fees, home sale bonus and mortgage interest rate subsidy - 50%
- No advance for home purchase costs when a national mortgage lender provided by RPM direct bills RPM for home purchase costs.

SPOUSE EMPLOYMENT ASSISTANCE

To assist your accompanying spouse in job finding at the new location, the Company has contracted with a career assistance firm to provide your spouse with the necessary tools, techniques and materials to conduct a successful job search. Your spouse will have up to six months from your transfer date to participate in the program offered by the firm. (Refer to the brochure included in the packet).

TAX ALLOWANCES

All taxable moving expenses reimbursed to you or paid on your behalf must be included in your income and are subject

to withholding requirements in accordance with the Internal Revenue Code. The following excludable (non-taxable) moving expenses are not included in your income.

- Household goods movement for moves over 50 miles and storage of goods up to 30 days.
- Airfare, lodging, and mileage up to the IRS standard mileage rate for moving purposes under the Travel Expense provision.

Your relocation must meet the following conditions for the above expenses to qualify as excludable:

a. The distance between your new place of work and former residence must be at least 50 miles more than the distance between your old place of work and former residence.

b. You must reside and work full time at the new location for at least 39 weeks during the 12-month period immediately following arrival at the new location. This condition does not apply if you fail to satisfy it because of death, disability, involuntary separation (other than for willful misconduct) or transfer for the benefit of the Company.

The Company will provide you tax allowances to assist you in paying state, FICA and federal income taxes. The tax allowances are discussed below in the order in which they are calculated.

State Tax Allowance

A state tax allowance is paid on taxable amounts except the home sale incentive, mortgage interest rate subsidy, the FICA tax allowance and the federal tax allowance.

FICA Tax Allowance

A FICA tax allowance is paid on all moving expenses subject to FICA (excluding the home sale incentive) and the state tax allowance. This allowance is calculated by using the rates and wage base in effect for the year in which your relocation settlement is reported on Form W-2.

Federal Tax Allowance

A federal tax allowance is paid on the FICA tax allowance and on taxable amounts except federal tax deductible amounts (includes items such as loan origination fees, discount points, and the mortgage interest rate subsidy), home sale incentive and state tax allowance.

NOTE: If you are not paid a federal tax allowance on expenses that are tax deductible and your federal tax return substantiates that the standard deduction was used in lieu of itemizing deductions, you may request an additional federal tax allowance be paid on these items.

The Taxpayer Relief Act of 1997 provides a taxpayer with a child tax credit for each

qualifying child under 17 years of age. This Act also provides a taxpayer with two tax credits for payments made for qualified tuition and related expenses for post-secondary education. All of these tax credits are phased out when the taxpayer exceeds a certain Adjusted Gross Income (AGI) threshold. If your taxable moving expenses when added to all other taxable income included in your AGI results in your exceeding a threshold and makes you ineligible to claim a credit, you may request reimbursement from the Company for the credits to which you otherwise would have been entitled. You will be required to provide documentation to support this reimbursement.

For purposes of providing the federal tax allowance, modified marginal federal tax rates are calculated for each tax year in which rates or brackets change. The minimum modified marginal federal tax rate will be equal to the required withholding rate under the law. These modified marginal federal tax rates represent federal tax rates which are increased to negate the marginal effects of federal taxes on the tax allowances, in effect providing a tax gross-up.

For determining the modified marginal federal tax rates, the following income amounts are used: annualized base salary, bonuses, home sale incentive, taxable moving expenses less itemized deductible moving expenses, and the FICA tax allowance. The tax charts used in computing the federal tax allowance are contained in the Employment Practices Guide, Page 107-3.

SETTLEMENT PROCEDURES

At the conclusion of your move you must complete a New Employee Expense Reimbursement Report and provide supporting documentation in order to be eligible for reimbursement of expenses which are covered under the Plan. The completed report and documentation should be forwarded to the RPM representative. Your report will be reviewed and processed for payment. You will be notified of any changes. You will receive a summary of the expenses. Any monies due you will be included in your paycheck. **If the effective date of your employment is between January through November, your report must be submitted no later than October 1 of the year following the year of employment. If your effective date of employment is in December, your report must be submitted no later than December 15 of the year following the year of employment. Requests for reimbursements must be paid no later than the last day of the calendar year following the calendar year in which the expense was incurred.**

A few simple guidelines will greatly facilitate your completion of this report.

A. Shipping of Household Goods and Personal Effects

If the Company arranged your move, you are not required to provide a receipt.

If you made your own arrangements, receipts are required.

B. Travel, Advance Trip, and Temporary Living

Receipts are required for all lodging expenses, meal expenses, (exceeding \$25 per meal), and commercial transportation, including airfare, car rental, etc., whether they were paid by you or the Company. As a general rule, it is advisable to keep all receipts; unnecessary ones can be discarded at time of settlement.

C. Selling Costs

All items submitted for reimbursement must be documented. A closing statement will usually document the reimbursable expenses.

D. Lease Cancellation

A statement from your landlord supporting the reimbursable amount must be provided.

E. Home Purchase Costs

All items submitted for reimbursement must be documented. A closing statement will usually document the reimbursable expenses. A copy of an executed mortgage loan note will usually document reimbursable loan discount points.

F. Home Sale Bonus

If you are eligible for a home sale

bonus, supporting documentation will be needed to support the sales price.

G. Mortgage Interest Rate Subsidy

If you are eligible for a mortgage interest rate subsidy, you will need the following items of documentation:

1. Evidence to support both the old and new interest rates and type of financing,
2. Supporting documentation of new home purchase price, and
3. Documentation to support the equity in your old home.

H. Daily Record

A daily record of all expenses should be submitted with your New Employee Expense Report.

IF YOU USE YOUR CORPORATE CREDIT CARD, DO NOT ALLOW RELOCATION EXPENSES TO BE PAID THROUGH EXPENSE EXPRESS. PLEASE FOLLOW THE PROCESSING INSTRUCTIONS AS PROVIDED IN YOUR RELOCATION PACKET. RELOCATION EXPENSES SHOULD BE CATEGORIZED AS "PERSONAL" FOR "RELOCATION". YOU PAY JP MORGAN CHASE EITHER THROUGH PAYROLL DEDUCTION OR A DIRECT PERSONAL PAYMENT. THEN YOU REQUEST REIMBURSEMENT OF THE EXPENSES ON YOUR NEW EMPLOYEE EXPENSE REIMBURSEMENT REPORT, FORM 2266. YOU MAY ALSO REQUEST AN ADVANCE OF THESE EXPENSES USING THE ADVANCE REQUEST, FORM 1550, AND BY FOLLOWING THE ADVANCE GUIDELINES STATED IN THE RELOCATION GUIDE.

WE SINCERELY HOPE YOUR MOVE WILL BE A PLEASANT ONE AND THAT IT WILL BE BENEFICIAL TO YOU, YOUR HOUSEHOLD MEMBERS, AND THE COMPANY. REMEMBER, SHOULD YOU HAVE ANY QUESTIONS RELATIVE TO YOUR MOVE, PLEASE FEEL FREE TO CONTACT YOUR RPM REPRESENTATIVE.

