For questions regarding this Policy you may contact:
Brookfield Global Relocation Services
1-800-267-7573
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Policy Purpose

Congratulations on your new position with Phillips 66.

Phillips 66 has designed this Domestic Relocation Policy – U.S. (Policy) to offer financial assistance, professional services and administrative support to employees who are relocating their primary residence at the request of the Company. This Policy has been developed to help minimize disruptions to employees and their families during this time of transition and to provide a comprehensive guide to the benefits of the Phillips 66 relocation assistance program.

You are encouraged to thoroughly review the information that is outlined in this Policy to become familiar with the provisions and required guidelines of the relocation program. As personal circumstances vary, these benefits may not cover all of your relocation expenses or needs. It is the intent of this Policy to provide fair and reasonable levels of relocation assistance.

Phillips 66 values the contributions and commitments to the Company that are made by relocating employees and we extend our best wishes for personal and professional success in your new location.

Note: The Company reserves the right to administer, interpret, revise, or terminate any or all of the provisions of this Policy. Nothing in this Policy is intended, nor shall it be construed, as a promise of continued employment for any duration, as it does not modify the employment-at-will nature of the employment relationship.
### Contact Information

<table>
<thead>
<tr>
<th><strong>GENERAL CONTACT INFORMATION</strong></th>
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<tbody>
<tr>
<td><strong>Brookfield Global Relocation Services (Brookfield GRS)</strong></td>
<td>Phone 800-267-7573</td>
</tr>
<tr>
<td><strong>Expense Report Submission</strong></td>
<td>Submit all relocation expense reports and receipts to <a href="mailto:Americas.accounting@brookfieldgrs.com">Americas.accounting@brookfieldgrs.com</a> &lt;br&gt;cc: Your Brookfield GRS Consultant</td>
</tr>
<tr>
<td><strong>Mortgage Lenders – Preferred Providers</strong></td>
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</tr>
<tr>
<td><strong>Premia Relocation Mortgage</strong></td>
<td>Truity Credit Union &lt;br&gt;(formerly 66 Federal CU) &lt;br&gt;800-897-6991 ext. 7775 or 918-337-7775</td>
</tr>
<tr>
<td>866-591-0655</td>
<td></td>
</tr>
<tr>
<td><strong>Wells Fargo</strong></td>
<td>Arvest Bank &lt;br&gt;918-337-3274 &lt;br&gt;(Request P66 contact)</td>
</tr>
<tr>
<td>800-458-4623</td>
<td></td>
</tr>
<tr>
<td><strong>(Request P66 contact)</strong></td>
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</table>
### At A Glance Benefit Summary

<table>
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<tr>
<th>Provision</th>
<th>Summary of Provision</th>
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<tbody>
<tr>
<td><strong>Lump Sum Payment</strong></td>
<td>- One-time payment for Miscellaneous Expense Allowance, Home Finding Trip, and Temporary Living,</td>
</tr>
</tbody>
</table>
| **Miscellaneous Expense Allowance**           | - One month's base salary  
- Capped at $8,000  
- Provided to cover incidental expenses that arise because of relocation  
- Paid as part of Lump Sum payment                                                            |
| **Home Finding Trip**                         | - One Home Finding Trip for employee and spouse/partner  
- Covers transportation, lodging and meals  
- Brookfield GRS will provide referrals to approved real estate agents  
- Paid as part of Lump Sum payment                                                              |
| **Temporary Living**                          | - 30 days provided for homeowners  
- 14 days provided for renters  
- Covers lodging, meals and rental vehicle  
- Paid as part of Lump Sum payment                                                              |
| **Final Move Trip**                           | - Reimbursement of travel, lodging and meals for employee and family  
- Airfare provided if over 600 miles.                                                           |
| **Marketing Assistance Program**              | - Professional assistance marketing and selling home provided by Brookfield GRS  
- Must list with approved broker at no more than 105% of highest Broker’s Market Analysis BMA Most Likely Sales Price |
| **Home Sale Assistance Program**              | - Professional assistance selling and closing home, including guaranteed buyout offer Guaranteed Offer amount based on average of 2 appraisals  
- Must follow Marketing Assistance Program guidelines to be eligible  
- Must list for 60 days before accepting Guaranteed Offer                                             |
| **Home Sale Assistance Program**              | - Reimbursement of eligible Home Sale closing costs may be provided if home is not sold through Buyer Value Option, Amended Value Option or Guaranteed Offer  
- Requires approval                                                                                   |
## At A Glance Benefit Summary

<table>
<thead>
<tr>
<th>Provision</th>
<th>Summary of Provision</th>
</tr>
</thead>
</table>
| **Home Sale Incentive**          | - Bonus paid if home is sold to outside buyer and Guaranteed Offer is not accepted  
                                  - 3% Incentive if outside offer is received prior to appraisals  
                                  - 2% Incentive if outside offer is received after appraisals |
| **Loss on Sale**                 | - 100% of eligible loss to a maximum of $100,000  
                                  - Experienced new hires, non-exempt/nationally recruited new hires and non-exempt/nationally recruited transfers are not eligible |
| **Duplicate Housing**            | - Reimbursement of up to 60 days duplicate expenses on old home  
                                  - Includes interest, taxes, property insurance, association fees and authorized utilities and maintenance |
| **Home Purchase Assistance**     | - Reimbursement of eligible new home closing costs  
                                  - Includes points in accordance with sliding scale  
                                  - Direct bill available through preferred lenders  
                                  - Must be or have been previously a homeowner with the Company  
                                  - Must use approved real estate broker |
| **Cost of Living Allowance**     | - Allowance calculated by consulting firm  
                                  - Allowance will be paid as a Mortgage Subsidy to homeowners and in two annual installments to renters |
| **Lease Cancellation**           | - Reimbursement of up to three month’s rent  
                                  - Documentation required |
| **Shipment of Household Goods**  | - Professional pack, shipment and unload of employee’s household goods |
| **Spousal Assistance**           | - Reimbursement of up to $1,500 for spouse career assistance  
                                  - Covers resume preparation, career counseling, etc. |
| **Tax Assistance**               | - Tax assistance provided on most taxable but non-deductible benefits unless specified otherwise in Policy |
Employee Eligibility

This Policy is intended to provide U.S. domestic relocation assistance for:
• Regular, full-time exempt employees relocating at the request of the Company
• Experienced new hires with three or more years of related/applicable experience

If more than one Company employee from the same household is being relocated, only one relocation benefit package will be provided.

Distance and Time Eligibility

Eligibility for the Phillips 66 relocation Policy benefits is subject to current federal statutes regarding distance, time and length of employment as defined by the Internal Revenue Service (IRS) and as outlined below:
• The distance over the shortest, most commonly traveled route from your old home to your new principal work location must be at least 50 miles farther than from your old home to your old principal place of work. If you are a new hire and do not have an old principal place of work, the distance from your old home to your new principal work location must be at least 50 miles.
• You must be employed full-time in your new location for at least 39 weeks during the 12 months immediately following your move, unless you are requested to relocate again, become disabled or are laid off. If you voluntarily terminate employment prior to the completion of the 39-week period, all of the relocation expenses that would have been excluded and paid on your behalf by the Company will be considered income and reported as such to the IRS. No additional gross-ups will be provided.
• You must complete your relocation within one year following start of work in your new location.

All Policy provisions are effective for one year from your date of transfer to the new work location.
• You must close on the sale of your former home within one year.
• You must execute a purchase contract on the home at the new location within one year (and subsequently close on this property).

In addition to the above requirements, you must relocate your primary residence at least 50 miles from your former primary residence to be eligible for this Policy. If you do not complete the above processes within the time frame specified in this Policy, you will forfeit eligibility for reimbursements and/or benefits. Relocation monies are not a commuting allowance. A move is consummated only after you have completed the movement of your family and household goods to the new work location.

Sarbanes-Oxley Compliance

In accordance with the Sarbanes-Oxley Act of 2002, Executive Officers of the Company may be subject to restrictions on some relocation provisions. If the relocating employee holds an officer position, the employee should disclose this to the Relocation Consultant for further review.
**Policy Administration and Assistance**

Phillips 66 has partnered with Brookfield Global Relocation Services (Brookfield GRS) to provide administration of this Policy and assistance with relocation services. Services with Brookfield GRS will be initiated by the Company when you accept your relocation job offer and you contact Brookfield GRS to begin the relocation process.

Brookfield GRS will assign a dedicated Relocation Consultant to work closely with you and your family throughout every phase of your move. The Brookfield GRS Relocation Consultant (Consultant) will be your primary contact and single point of coordination for your move. The Consultant will review all of your relocation benefits and answer any questions you may have during the course of your relocation process. You should discuss with your Consultant before beginning any aspect of your relocation (e.g., contacting real estate agents, moving companies, etc.) to maximize the assistance available and to understand requirements of the Policy.

**Expense Reimbursement**

Relocation expenses may be reimbursed to you by Brookfield GRS or paid directly to a supplier on your behalf. Your Consultant will advise you of the appropriate reimbursement procedures and online tools that should be utilized. Your Consultant will oversee the audit and payment of relocation expenses and allowances, and all questions regarding the approval or denial of reimbursements should be directed to your Consultant.

Business expenses, which are defined as expenses that are incurred as a result of normal work responsibilities, must be separated from relocation expenses and submitted as business expenses through the usual business expense reporting process.

**Relocation Repayment Agreement**

Providing relocation assistance requires a substantial investment by the Company; therefore, you will be required to sign a Relocation Repayment Agreement prior to receiving any relocation benefits. The Relocation Repayment Agreement must be signed and returned to your Consultant before any funds can be issued to you or on your behalf. The Relocation Repayment Agreement outlines your obligation to repay the Company if your employment is terminated under certain conditions.

If you voluntarily terminate your employment within one year from the effective date of your transfer, you will be required to repay the relocation benefits paid to you by the Company or Brookfield GRS. You may also be held liable for any legal fees (e.g., attorney fees, court costs, etc.) incurred by the Company related to the collection of the repayment amount due.

Additionally, if your employment is terminated, either voluntarily or involuntarily, all relocation benefits will cease immediately and you will forfeit any remaining relocation benefits.
Overview

You will be provided with a one-time Lump Sum payment to cover your miscellaneous expense allowance, home finding expenses, temporary living expenses and other miscellaneous relocation expenses. The Lump Sum payment is designed to provide you and your family with the flexibility and freedom to manage your individual relocation expenses and needs without the need for filing itemized expense reports. The Lump Sum payment will be calculated by a consulting firm based on a customized review of your salary, homeowner/renter status, departure and destination locations, and family size.

The Lump Sum payment includes:
- Miscellaneous Expense Allowance
- Home Finding Trip expenses
- Temporary Living expenses

The Lump Sum payment is considered taxable income and tax assistance will be provided subject to FICA.

Note: It is anticipated that the corporate shuttle will be used where possible. Therefore, the Lump Sum payment will not include airfare for moves between locations that are served by the corporate shuttle. If the shuttle is not available, up to two airline tickets (employee and spouse) for the house hunting or mileage will be reimbursed.

Note: It is your responsibility to use this payment to pay for costs incurred for your relocation. Submitting business expense reports for these expenses would result in duplicate payment and be in violation of the Business Code of Ethics.

Miscellaneous Expense Allowance

You will receive a Miscellaneous Expense Allowance equal to one month’s base salary up to a maximum of $8,000 (salary as of effective date of transfer). If more than one employee from the same household is being transferred at the direct request of the Company, the allowance will be based upon the higher of the two salaries.

This allowance is intended to cover miscellaneous expenses that arise because of your relocation that are not otherwise covered in this Policy. Such items include, but are not limited to:
- Temporary Living or travel expenses beyond those covered within this Policy
- Additional crating
- Baggage fees
- Pet transportation, boarding, kenneling and care
- Appraisals for antiques or other valuables
- Home Finding Trip expenses for children
- Tax advice or preparation
Lump Sum Payment

- Apartment finding, application fees, security deposit
- Cancellation of service/maintenance contracts, memberships, subscriptions and dues
- School registration fees, uniforms or supplies
- Vehicle registrations and driver’s licenses
- Disconnecting and reconnecting utilities
- Including all Household Goods and Services Not Authorized (see Shipment of Household Goods)

Home-Finding Trip

The Home Finding Trip portion of the Lump Sum payment is calculated by a consulting firm specializing in housing and cost-of-living-data. The amount will be based on:

- Round trip transportation for employee & spouse/partner
- Airfare (except between sites served by corporate shuttle)
- Mileage if personal vehicle is driven
- Lodging, meals and rental car for 7 days/6 nights for homeowners
- Lodging, meals and rental car for 5 days/4 nights for renters
- Meals and incidental per diem
- Child care of $75/day for 1 child + $40/day for each additional child to a maximum of $155/day
- Costs of these goods and services in new work location

Temporary Living

The Temporary Living portion of the Lump Sum payment is calculated by a consulting firm specializing in housing and cost-of-living-data. The amount will be calculated to assist with Temporary Living expenses for the employee and accompanying eligible family members:

- 30 days lodging for homeowners
- 14 days lodging for renters
- Meals and incidental per diem
- Up to 7 days car rental (if applicable)
- Costs of these goods and services in new work location

Only those eligible family members who are relocating to the new work location on a permanent basis are considered in the calculation of the Temporary Living provision of the Lump Sum payment.

Please contact your Consultant to discuss any special circumstances which may cause delays in your family moving to the new location.
Overview

Final Move travel expenses are reimbursed for you and eligible members of your immediate household for the shortest, most direct route available from your old location to your new location. All expenses are covered on the basis of traveling a reasonable distance each day; minimum 400 miles.

Covered Expenses

Mileage for one vehicle per licensed driver (maximum of three vehicles), plus tolls and parking expenses, if driven rather than shipped, will be provided.

- A one-way economy class airline ticket for each eligible family member if the distance between the old location and new location is greater than 600 miles and vehicles are shipped. (Assumes corporate shuttle is not available.)
- Lodging (receipts required) for the last night at the old location, en route, and the first night at the new location.
- Meals and incidentals per diem (incidental expenses to include telephone, tips, and laundry, etc.):
  - $30/adult/day
  - $15/child/day – (12 and under)

The example below will help to explain how to distinguish between Temporary Living lodging expenses which are covered by the Lump Sum payment and Final Move Trip lodging:

<table>
<thead>
<tr>
<th>Example</th>
<th>How it is figured</th>
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<tbody>
<tr>
<td>Movers pack old residence. You stay at a hotel for two nights (May 15, 16)</td>
<td>May 15 – Temporary Living at old location May 16 – Final Move Trip</td>
</tr>
<tr>
<td>You drive to new location (May 17)</td>
<td>May 17 – Final Move Trip</td>
</tr>
<tr>
<td>You arrive at new location May 18. Your furniture arrives on May 20. You stay at a hotel three nights (May 18, 19, 20)</td>
<td>May 18 – Final Move Trip May 19, 20 – Temporary Living at new location</td>
</tr>
</tbody>
</table>

Final Move Trip lodging and transportation expenses are not taxable (except a portion of the mileage) and are not included in your taxable income. Meals, incidental expenses and a portion of the mileage are considered taxable and will be tax-assisted.
Home Sale Assistance Program

The Phillips 66 Home Sale Assistance Program is designed to provide you with professional assistance with marketing and selling your home. You must contact your Consultant prior to listing your home or committing your listing to any real estate agent/broker, and specific procedures must be followed to ensure that both you and the Company receive the most favorable tax treatment on Company-paid home sale expenses. You will have up to 12 months after your effective date of job transfer to complete the home-selling process.

Eligible Homes

Your home must meet certain requirements to be eligible for the Home Sale Assistance Program. These requirements include, but are not limited to:

• Must be your permanent, primary residence on the date you are notified of your transfer (and owned by you and/or your spouse who is a member of your immediate household)
• Must be a single-family residence, town house, or condominium
• Must have or be able to obtain clear marketable title
• Must not be involved in litigation
• Must be eligible for normal mortgage financing and insurance
• Must be in marketable condition
• Must have a Certificate of Occupancy where one is required

You are responsible for completing any required repairs to bring your home into program eligibility. This includes, but is not limited to, structural defects/damage and code violations.

Excluded Properties – (Not Eligible)

• Multiple-family residence
• Home with more than five (5) acres
• Vacation home
• Boat or houseboat
• Commercial/investment property
• Homes held in trust in which the employee is not a trustee or beneficiary
• Mobile/modular home
• Cooperative apartments if purchased after May 31, 1997

Please speak to your Consultant immediately if your home falls into the category of an excludable property.
Homeowner Services – Departure Location

**Special Cases**

You may qualify ONLY for the reimbursement of direct selling expenses, (See Independent Sale.), if your home:

- Was modified for solar heating or does not have a heating system
- Has hazardous materials, synthetic stucco, or similar products
- Does not have clear marketable title
- Does not qualify for financing
- Is not habitable by normal standards
- Has radon levels exceeding the current EPA guidelines

**Your Options**

You can sell your home by one of the following methods:

- Marketing Assistance Program
  - Buyer Value Option
  - Amended Value Sale
  - Guaranteed Offer
  - Independent Sale

Or you can keep your home at the old location and:

- You will be reimbursed only for home purchase closing costs related to the purchase of a home at the new location.
- You will not be eligible for any home selling benefits as described under Homeowner Services – Departure Location.
- This home cannot be considered your primary residence for a future relocation; the home at the new location becomes the primary residence for future relocation assistance.

**Marketing Assistance Program**

The Company has implemented a comprehensive Marketing Assistance Program designed to support and assist you throughout all phases of the home-selling process to maximize the investment you have in your home. The Marketing Assistance Program is administered by your Consultant who will:

- Work in partnership with you and the recommended real estate agent/broker you select to implement an effective marketing strategy. Your initial list price must be within 5% of the highest Broker’s Market Analysis (BMA).
- Assist you in selecting two real estate agents with relocation-related experience and proven track records in your community to develop BMAs on your home.
- Review and analyze all of the market data contained in the BMAs to help you formulate a competitive list price and marketing strategy to achieve the highest possible sales price for your home.
- Work in partnership with you and the recommended real estate agent/broker you select to implement an effective marketing strategy. Your initial list price must be within 5% of
the highest of the BMAs. It is very important that you price your home competitively, as the greatest market interest generally occurs during the first 30 days.

You must communicate with your Relocation Consultant prior to discussing the listing of your home with any real estate agent/broker. Your Consultant has an Exclusion Clause and Right to Cancel Clause that must be included in your listing agreement. Failure to include these clauses in your listing agreement may jeopardize your participation in the Home Sale Assistance Program. You must also complete required disclosure form(s). NOTE: The Company will reimburse only up to a 6% real estate commission except in certain pre-approved areas.

Eligibility for the following benefits requires that you participate in the Marketing Assistance Program:

- Guaranteed Offer
- Loss on Sale
- Equity Advance

**Approved Real Estate Agents/Brokers**

The Consultant will recommend approved real estate agents/brokers who have an established record of successfully selling similar homes, have experience in your location and who are knowledgeable in the procedures related to relocation. You are required to utilize an approved agent/broker. If you have another agent/broker in mind, you can submit their name to your Consultant for consideration. If the agent/broker is approved by Brookfield GRS, he or she must agree to a referral agreement prior to being selected as the listing agent.

**BMA Analysis and Real Estate Agent/Broker Selection**

The BMA is a written report and housing market analysis that compares your home to similar homes that have recently sold and also to homes that are currently on the market in your area. The real estate agents/brokers selected to complete the BMAs will tour your home and take into consideration its features along with any possible repairs or improvements that may be needed to enhance marketability. The real estate agents will schedule a time to make a presentation to you that includes the agent's experience, the services of their real estate firm and the marketing plan they propose if selected for the listing.

Each BMA report will provide a Suggested List Price and a Most Likely Sales Price. Copies of the completed BMAs will be provided to you and to the Consultant for review. Your Consultant will work with you on the evaluation and selection of a real estate agent to list your home. Your Consultant will also review the key components of a successful home marketing plan and will offer recommendations including any suggested repairs or enhancements that might be needed to generate a sale.

It is important that your home is priced competitively when it first enters the market since the greatest buyer and agent interest typically occurs in the first 30 days of the listing. You should establish a list price that is both attractive and realistic in the local market. To help you achieve the highest sale price in a reasonable period of time, the Company requires that your home must be listed at no more than 105% of the highest BMA’s Most Likely Sales Price as indicated in the BMA.
Homeowner Services – Departure Location

Property Disclosure

It is your responsibility to provide full disclosure on the condition of your home, particularly any defect which could impact the home’s value, habitability or marketability to any potential buyers. Brookfield GRS will issue a Homeowner Disclosure Statement which you will need to complete, sign and return to the Consultant.

Title Report

Brookfield GRS will order a title report on your home and if the title report finds any outstanding legal obligations or other issues, you will be responsible for properly clearing title before Brookfield GRS will accept the home into the Home Sale Assistance Program. Brookfield GRS will not be able to execute the Contract of Sale with you if there are outstanding liens or encumbrances against the property, including any mortgage balance(s) greater than the sale price of the home. You are responsible for providing clear title and satisfying any negative equity situations required to pay off the mortgage(s), if applicable.

Buyer Value Option/Amended Value
(Selling your property to an outside buyer before acceptance of Guaranteed Offer)

*Do Not Sign a Sales Agreement with an Outside Buyer or Accept Earnest Money.*

<table>
<thead>
<tr>
<th>Buyer Value Option (BVO)</th>
<th>Amended Value (AV)</th>
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<tbody>
<tr>
<td>Offer is received from a prospective purchaser prior to initiation of Appraisal Process. After offer is determined to be acceptable, your Consultant will prepare a separate contract (Home Sale Agreement) with you for the same price and terms as the offer from the outside buyer. You should execute and return the Home Sale Agreement to Consultant. Your Consultant will execute the contract with the prospective buyer.</td>
<td>Offer from a prospective purchaser is received after offer from Company is made. You may accept an offer equal to but not less than 95% of the Company’s offer (Guaranteed Offer); you will receive the guaranteed offer amount, the company takes loss. You should execute and return the home sale agreement to your Consultant. Your Consultant will execute the contract with prospective purchaser.</td>
</tr>
</tbody>
</table>

Once the Home Sale Agreement has been executed as part of a BVO or AV sale, the employee may NOT consider any additional offers if the original sale does not close.
Submission and Negotiation of Offer
- Agent presents offer to employee.
- Agent faxes copy of offer to Consultant for review.
- Consultant reviews offer for content and clarity with employee.
- Consultant may suggest appropriate text and terms.
- Employee and/or Consultant communicates negotiations with agent.
- Any negotiated concession or repair will be at the expense of the employee.

Inspections
- Inspections may be required on any home
- Employee is responsible for any repairs negotiated with purchaser
- Repairs may be required due to code, safety, health issues, and/or lender requirements
- Any inspection including, but not limited to, an inspection performed by a prospective purchaser and/or an inspection performed by Company or Company representative may be used to determine required deferred maintenance.
- See Inspection section for corrective options.

Employee will remain responsible for maintenance of home until date vacated or execution of Home Sale Agreement, whichever is later.

Brookfield GRS will handle all aspects of closing with the buyer.

Closing of Sale with Employee
- Employee must execute and return Home Sale Agreement immediately upon final negotiation with prospective purchaser
- Employee must complete and return all other documents required by Relocation Management Company before equity payments can be finalized
- Upon receipt of documents, Consultant will compute net equity
- Equity is determined by date vacated or execution of the Home Sale Agreement, whichever is later.
- Equity is delivered via wire transfer or check.
- Equity statement and copy of executed Home Sale Agreement will be mailed to you.

Guaranteed Offer

As a "safety-net" if you are unable to sell your home to an outside buyer through the Marketing Assistance Program, a Guaranteed Offer, based on the appraised value of your home, will be provided to you. The Guaranteed Offer process may begin any time after your home has been listed under the Marketing Assistance Program for 30 days.

You will be asked to choose two appraisers from a list of pre-approved appraisers provided by your Consultant. Do not arrange your own appraisal; your Consultant will order the appraisals. You can choose appraisers who are not on the list, but this may cause a delay because their credentials will need to be verified. After the appraisers have visited your home and completed their analyses, they will forward their appraisals to your Consultant for review. A copy of the appraisals will be sent to you with your Guaranteed Offer.

Your Guaranteed Offer will be based upon the average of the two appraisals, provided the appraised values do not vary by more than 7% of the higher value. In the event that there is
Homeowner Services – Departure Location

more than a 7% difference between the two appraisals, a third appraisal will be ordered. The average of the two highest appraisals will then be used to determine the Guaranteed Offer.

Once the Guaranteed Offer has been made, you will have 60 days to:
• Accept the Guaranteed Offer (provided you have been participating in the marketing assistance program for at least 60 days) by executing the Home Sale Agreement.
• Find a potential buyer who is willing to pay not less than 95% of the Guaranteed Offer • you receive the Guaranteed Offer price.
• Reject the Guaranteed Offer.

You should contact your Consultant to discuss the completion of the necessary forms required to accept the Guaranteed Offer.

You must vacate your property within 30 days following your acceptance of the Guaranteed Offer. You will be responsible for the maintenance, mortgage payments, insurance, and utilities of the home and must remain cooperative with marketing efforts until you vacate.

Appeal Process

After receipt of the Guaranteed Offer and copies of the appraisals, if you feel there is a reasonable, substantiated objection to the offer, you may submit a formal appeal. The factual aspects of the appraisal may be appealed; however, the subjective adjustments may not.

If the property is listed with a real estate agent/broker, you may appeal the Guaranteed Offer by:

• Providing pertinent and compelling information that was not used in the appraisals (e.g., new comparable sales). To be eligible for this type of appeal, you must have provided comparable sales to the appraisers at the time of the appraisers’ inspections.
• Asking for clarification or correction of facts on the appraisals that you believe are inaccurate.

Appeals should be made in writing to your Consultant who will submit your appeal document to the appraisers who have the final say on their appraisal amounts. The appraisers will respond to your appeal in writing.

Inspections and Repairs

Brookfield GRS will order a General Home Inspection in accordance with local custom and other inspections as recommended or disclosed by real estate agents, appraisers or others. All inspections ordered and obtained will be disclosed to any future purchaser. You may be required to remedy issues found during inspections by having repairs completed, subject to re-inspection, or to have the cost of the repairs deducted from your equity (based on the lower of two repair estimates) and repaired after you vacate unless the repairs are EPA required or environmental issues.

If an inspection uncovers a significant issue, the Company reserves the right to exclude the home from the BVO/ AV/ Guaranteed Offer Program and you may be eligible for the Independent Sale option with direct reimbursement of certain home selling expenses.
Equity Advance

If an advance of the estimated net equity in your old home is needed in order to close on your new home, you may request an Equity Advance by notifying your Consultant. Eligibility for this program requires the following:

- Participation in the Marketing Assistance Program
- Continuation of all marketing efforts with the intent to secure an Amended Value Sale on your home
- Acceptance of the Guaranteed Offer, and
- You use these funds for the purpose of securing a home in the new location.

The loan is based on 95% of the Guaranteed Offer, less all outstanding liens and encumbrances. The loan may not exceed the maximum amount required for closing. A copy of the purchase contract on the new residence and a signed Equity Loan Agreement are required.

Home Sale Incentive

To encourage you to aggressively market your home and to consider all reasonable outside offers, the Company will provide you with a Home Sale Incentive if you obtain a successful contract with an outside buyer. The Home Sale Incentive is equal to:

- 3% of the sales price if you secure an acceptable outside offer prior to commencing the appraisal process to determine the Guaranteed Offer or you close your sale as an independent sale, or
- 2% of the sales price or the Guaranteed Offer (whichever is greater) if you secure an acceptable outside offer after the appraisals are ordered to determine the Guaranteed Offer.

The Home Sale Incentive will be paid once Brookfield GRS has accepted and signed the Contract of Sale to purchase the home from you. The Home Sale Incentive is not tax-assisted.

Loss on Sale Assistance

*Experienced new hires, non-exempt/nationally recruited new hires and non-exempt/nationally recruited transfers are not eligible for Loss on Sale assistance.*

The Company provides assistance to you if you incur a loss on the sale of your primary residence. You must have owned and occupied your primary residence at the old location at the time of your transfer offer to be eligible for Loss on Sale assistance. You must participate fully in the Marketing Assistance Program and sell your home through either the Guaranteed Offer or Amended Sale program to be eligible.

The amount of the Loss on Sale assistance is calculated as:

- The original purchase price on the Closing Disclosure statement (formerly known as HUD-1) or appraised value, whichever is less
- Minus any special financing and/or concessions
- Minus sales price
You will be reimbursed 100% of the eligible loss up to a maximum of $100,000. The Loss on Sale payment will be tax-assisted.

A pre-purchase appraisal is required to be eligible for Loss on Sale assistance for a future relocation if you purchase a new construction home. If you are building a home or purchasing new construction, you must have the appraiser complete a final inspection after completion of the property (or as if completed) to be eligible for future Loss on Sale benefits.

Independent Sale

If your home does not meet the eligibility requirements outlined in this Policy or if you choose to sell your home without the using the Buyer Value Option, Amended Value Sale or Guaranteed Offer program, you may be eligible for reimbursement of home sale expenses through the Independent Sale option. You must contact your Consultant for prior approval. The Company may reimburse you for the following usual and customary selling and closing expenses:

- Real estate commission up to 6% or the approved prevailing amount in the area
- Reasonable legal fees and escrow fees
- State or county transfer taxes in accordance with local customs
- Termite inspection
- Boundary survey and title insurance or abstract of title
- Notary and acknowledgment fees, excise stamps, tax certificate, recording fees and other costs as required by local statutes

In addition, you may be eligible for the following:

- Duplicate Housing Expenses
- Home Sale Incentive
- Tax assistance on Independent Sale closing expenses

If your home is eligible through the marketing assistance program but you choose to sell your home as an Independent Sale, the selling and closing cost reimbursements you receive will not be tax-assisted. In addition:

- You will not be eligible for an Equity Advance.
- You will not be eligible for a Guaranteed Offer.
- You will not be eligible for Loss on Sale.

Duplicate Housing Expenses

If you must move to your new location before your old home has been sold and you have two homes to maintain, the Company will provide financial assistance for the departure location home. You will be reimbursed Duplicate Housing expenses for up to 60 days for the following:

- Mortgage interest
- Taxes
- Insurance
- Utilities (water, gas, and electric)
- Lawn care
Homeowner Services – Departure Location

• Home Owner Association dues
• Pool care
• Security system maintenance and insurance

You must be actively marketing your home with an agent/broker through a multiple-listing service and be following the Marketing Assistance Program guidelines to be eligible for Duplicate Housing assistance. Temporary Living days must be exhausted prior to being eligible for this reimbursement. Temporary Living and Duplicate Housing expenses are not reimbursed simultaneously.

You will be required to provide documentation of your Duplicate Housing expenses including:
• Amortization schedule
• Receipts for all other components of your duplicate expenses
• Completed form requesting reimbursement

Mortgage interest and property taxes are generally deductible on personal income tax returns. The non-deductible portion of the Duplicate Housing expense reimbursements will be tax-assisted.
Vacating Your Home
Below is a checklist of things you will need to do before vacating your home:

Condition of home
- Leave the house in “broom-clean” condition.
- Dispose of all trash.
- If you remove a “permanent” item, the item:
  - Must have been previously listed as an excluded item on the listing agreement.
  - Must be disclosed to the Relocation Management Company.
  - Must be disclosed in any purchase contract.
  - Must be replaced or the area restored to its original condition.

Homeowner’s insurance
- Continue coverage until acceptance of the Guaranteed Offer or your vacate date, whichever is later.
- Contact your insurance agent to cancel your policy.
- Advise your agent of your forwarding address for your insurance refund.

Utility transfer
- Leave the utilities on until your vacate date or acceptance of the Guaranteed Offer, whichever is later.
- Notify utility company of forwarding address for your final billing.

Other services
- Telephone – disconnect
- Cable – disconnect
- Trash collection – stop service after last pickup
- Security system – advise Consultant
- Swimming pool maintenance – contact Consultant

Miscellaneous
- Lock all doors and windows, and give all keys to your agent along with all warranties, manuals, and garage door openers.
- Forward all mail pertaining to the property to Consultant – tax bills, mortgage payment books, utility bills, etc.
- Give Consultant your forwarding address and phone numbers.
Overview

Brookfield GRS has a comprehensive home finding program to assist you with making a wise purchase decision in the new location. Your Consultant will recommend a specially trained agent(s) through the approved agent/broker network in your new area to help you with your home search. Your Consultant will also assist you in the negotiating process, inspection and repair issues, contract review, assistance in locating temporary housing, and closing.

Home Purchase Assistance

To qualify for closing costs reimbursement, you must currently or previously have owned and occupied a home at the time of a transfer with the Company. The home you buy must be your primary residence in the U.S. and it can be a single family residence, townhome or condominium. 

Properties considered ineligible for Home Purchase Assistance include:
• Secondary residences, such as a vacation homes or houseboats
• Property purchased for speculation or income –producing purposes (farms or multiple units)
• Homes with nonadjacent land
• Homes with more than 5 acres
• Cooperative apartments
• Mobile/modular homes
• Homes that do not meet the eligibility guidelines of the Home Sale Assistance program or Independent Sale program of this Policy
New Home Purchase Closing Costs

The following new home purchase buyer’s closing costs will be covered if considered to be usual and customary, including but not limited to:

<table>
<thead>
<tr>
<th>Reimbursable Closing Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• points based on a sliding scale</td>
</tr>
<tr>
<td>• appraisal</td>
</tr>
<tr>
<td>• credit report</td>
</tr>
<tr>
<td>• flood certification</td>
</tr>
<tr>
<td>• tax service fee</td>
</tr>
<tr>
<td>• processing/ commitment fee/</td>
</tr>
<tr>
<td>• inspections required by the lender</td>
</tr>
<tr>
<td>• title insurance–lender’s required coverage</td>
</tr>
<tr>
<td>• title insurance–owner’ s coverage (only if considered a usual and customary buyer fee in area)</td>
</tr>
<tr>
<td>• title endorsements</td>
</tr>
<tr>
<td>• abstract/ title search/ examination</td>
</tr>
<tr>
<td>• general/ standard home inspection</td>
</tr>
<tr>
<td>• other inspections as needed</td>
</tr>
<tr>
<td>• radon inspection</td>
</tr>
<tr>
<td>• reasonable notary fees</td>
</tr>
<tr>
<td>• reasonable closing related attorney’s fees</td>
</tr>
<tr>
<td>• recording fees – deed/ mortgage/ power of attorney</td>
</tr>
<tr>
<td>• settlement/ closing/escrow fee</td>
</tr>
<tr>
<td>• state/city/county stamps on deed/mortgage</td>
</tr>
<tr>
<td>• survey – standard no stake</td>
</tr>
<tr>
<td>• transfer tax (only if considered a usual and customary buyer fee in area)</td>
</tr>
</tbody>
</table>

Costs that will not be covered include, but are not limited to:

<table>
<thead>
<tr>
<th>Non Reimbursable Closing Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Loan origination fee</td>
</tr>
<tr>
<td>• improvement assessments,</td>
</tr>
<tr>
<td>• interest rate lock in or extension fees</td>
</tr>
<tr>
<td>• mortgage agent/broker fees</td>
</tr>
<tr>
<td>• mortgage insurance/ application fees</td>
</tr>
<tr>
<td>• lender document preparation fee</td>
</tr>
<tr>
<td>• interest, taxes, association fees, insurance, utilities</td>
</tr>
<tr>
<td>• real estate agent/broker fees or commissions</td>
</tr>
<tr>
<td>• warranties</td>
</tr>
<tr>
<td>• VA/ FHA points</td>
</tr>
</tbody>
</table>
In addition to the Reimbursable Closing Costs listed above, you may be eligible to receive coverage for the cost of points paid to reduce your interest rate based on a sliding scale tied to the Federal National Mortgage Association (FNMA/Fannie Mae) 30-year, 60-day yield on a 30-year fixed mortgage as published in the Wall Street Journal on the day the interest rate is locked.

<table>
<thead>
<tr>
<th>FNMA 30-year, 60 day yield</th>
<th>Points Reimbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.00% or lower</td>
<td>1 point</td>
</tr>
<tr>
<td>8.01% - 8.50%</td>
<td>1.5 points</td>
</tr>
<tr>
<td>8.51% - 9.0%</td>
<td>2.0 points</td>
</tr>
<tr>
<td>9.01% - 10.00%</td>
<td>2.5 points</td>
</tr>
<tr>
<td>10.01% or above</td>
<td>3 points</td>
</tr>
</tbody>
</table>

Points paid to reduce the interest rate are generally deductible on personal income tax returns, therefore tax assistance will not be provided.

Reimbursement of the non-deductible New Home Purchase Closing Cost expenses is considered taxable income and tax assistance will be provided.

You must sign a purchase contract within one year of the effective date of transfer and ultimately close on that property.

**Preferred Mortgage Lender Program**

For your convenience, the Company has established competitive rate programs and direct billing arrangements with several preferred mortgage lenders. Your Consultant will provide specific contact information for these lenders. The benefits of using the preferred national lender program include:

- Reimbursable closing costs are billed directly to the Company through Brookfield GRS, reducing your out-of-pocket cash requirements at closing
- Mortgage loan pre-qualification
- Preferred lenders have familiarity with the Company’s Policy and general relocation lending practices

As with any major financial decision, check all available lending sources to find the best available financial arrangement.
Pre-Purchase Appraisal

The Company will reimburse you for the cost of up to two pre-purchase appraisals (limited to one appraisal per home) in the new location.

- The appraisal should be completed on a “URAR” form (Uniform Residential Appraisal Report), or “ERC” (Employee Relocation Council) form, and
- The purchase contract must be contingent upon the appraisal being satisfactory.

The purpose of the appraisal is to assist you in making a prudent purchase decision. If the appraised value is lower than the purchase price, you still have the option to purchase that property at that price or you may choose to renegotiate with the seller. For reimbursement, submit a copy of the appraisal(s) and invoice to your Consultant.

If you are purchasing or building new construction, an appraisal (either pre-purchase or loan appraisal) must be obtained after completion of the property (or as if completed) in order to be eligible for Loss on Sale benefits in the future. A pre-purchase appraisal is required to be eligible for Loss on Sale benefits on future moves. Loss on Sale calculations will be based on the lower of the original purchase price or on the appraised value.

Inspections

The Company will reimburse the cost of inspections that may include structural, mechanical, radon, pool, spa, septic, etc. The purchase contract must be contingent upon these inspections being satisfactory.
Cost-of-Living Allowance (COLA)

Overview

The Company will provide a Cost-of-Living Allowance (COLA) if you are requested to relocate to certain areas where housing and the overall cost of living are significantly higher than the old work location.

Eligibility

If you are transferred to a location with a much higher cost of living than your departure location, you may be eligible for a COLA. An analysis will be completed by a consulting firm which will consider your family size, salary, and homeowner/renter status, as well as the costs of housing, transportation, goods and services and taxes in both the departure and destination work locations.

High-cost assistance will be provided for those moves resulting in a 5% or higher increase in the cost of living between the old work location and the new work location. In these cases, the total dollars available for the cost-of-living allowance will be calculated by multiplying the total living cost differential percentage (new work location index minus old work location index) times your annual salary. This amount is then multiplied by two representing a two-year calculation.

If you and your spouse are being transferred, only one COLA benefit is applicable. It will be based on the higher-paid employee’s base pay. COLA benefits are not transferable to a subsequent relocation.

Homeowners

If you are an eligible homeowner, your assistance will be provided as a mortgage subsidy payment through a national mortgage lender. Your Consultant will provide you with the amount of assistance and refer you to the national mortgage lender. The mortgage lender will discuss the benefits of the mortgage subsidy and calculate your mortgage subsidy schedule. The mortgage lender can provide you with a sample of the mortgage subsidy.

The duration of the mortgage subsidy will be determined by the mortgage lender and will vary depending upon the current interest rate, loan amount, term of mortgage, and amount of high-cost assistance.

NOTE: The subsidy dollars are applied to mortgage interest only and cannot be used to reduce your principal balance.

Payments are not tax-assisted. The monies used for the mortgage subsidy are taxable income to the employee, subject to W-4 withholding. However, they are applied to mortgage interest and may be deductible on IRS Schedule A

Renters

If you are an eligible renter, your assistance will be paid in two annual installments. You must be employed by the Company and continuing to reside in your primary residence at the transfer work location to be eligible for the second payment. Payments are not tax-assisted.
Renter Services

Overview

The company provides assistance to you related to your rental in both the departure and destination locations.

Departure Location – Lease Cancellation

If you are unable to break your rental or lease agreement in the old location, the Company will provide you with lease cancellation assistance of up to three months’ rent. You must provide proper documentation of these expenses. Losses of security deposit due to early lease termination and duplicate rent are expenses covered in the three–month lease reimbursement. You will not be reimbursed for informal verbal agreements, security/damage, or pet deposits.

You will be required to provide documentation of lease cancellation expenses and must submit an Expense Reimbursement form to your Consultant to receive reimbursement. Finder’s fees, deposits, and temporary leases are not reimbursable expenses.

Lease cancellation expenses are tax-assisted

Destination Location – Rental Assistance

If you will be renting in the new location, your Consultant can provide you with assistance in locating suitable rental property. The Consultant can also assist you with identifying additional rental resources to help ease your transition to the new location. You should contact your Consultant as soon as possible to begin planning a Home Finding Trip that will maximize your time and resources.

You should carefully review the terms of your new lease prior to signing and if possible include a cancellation clause which allows termination early lease termination, without penalty, if you are transferred at the request of the Company. The following sample cancellation clause may be used:

If the tenant is transferred by their employer, this lease may be terminated without further liability or penalty to the tenant. Tenant agrees to provide landlord at least 30 days’ notice of intention to terminate the lease along with proof and documentation of transfer of employment.
Overview

You may be eligible for reimbursement of job-search expenses incurred by your spouse. The Company will pay up to $1,500 for the following reasonable job search expenses:

- Services of job search firm
- Transportation, rental car, and lodging for the job search trip
- Resume preparation and development
- License and certification fees

You must submit an Expense Reimbursement form with support documentation to receive reimbursement. Spousal job search expenses are tax-assisted.
Overview

The Company will provide professional moving services to transport your household goods and personal belongings from your old home to your destination location. Please do not contact or make a commitment to any carrier without first speaking with your Consultant. The Company has selected approved moving companies which must be used and your Consultant will work with you to coordinate this process.

The Company covers the cost of packing, transporting and unloading your authorized household goods. The carrier will not accept responsibility for breakage of articles that you have packed yourself so it is recommended that you allow the moving company personnel to pack all of your goods. If special packing is needed, you should discuss this with your Consultant and prior approval will be required. Limited unpacking is also provided which includes the unpacking of mattresses and opening of boxes by the mover and placing items on a flat or level surface but not the placement of items within the home.

Once you have established a move-in date, you should immediately notify your Consultant so that planning and efforts can be coordinated. At least 2 weeks advance notice of your desired packing date is required. The carrier will contact you to survey your household goods for determination of approximate van space requirements and to confirm packing and loading dates. The carrier will typically provide a range of delivery dates based on the weight and distance of the shipment. Please arrange your packing, loading, and delivery on weekdays.

Household Goods and Services Not Authorized

Your Miscellaneous Expense Allowance is intended to be used to cover expenses and services that are not authorized for shipment under this Policy. Various items that will not be covered include, but are not limited to the following:

- Excess crating
- Weekend scheduling for packing, shipping, unloading or unpacking
- Second pick up or delivery of household goods from another location; costs associated with pickup or delivery of goods from self-storage
- Pet transportation, boarding, kenneling and care
- Shipment of jewelry, precious stones, legal documents, cash, securities, bonds, etc.
- Shipment of hand guns, firearms, ammunition, large machinery, firewood, building materials
- Appraisals for artwork, antiques or other valuables
- Removing permanent fixtures from walls or ceilings, such as window treatments, lighting fixtures or ceiling fans
- Disconnecting, cancelling and reconnecting utilities, cell phones, cable, internet, satellites
- Dismantling / installing electronics, such as computers, home office equipment, home theater systems, sound systems, home security systems, etc.
- Shipment of boats 14 feet or larger, campers, jet skis, snow mobiles and recreational vehicles
Shipment of Household Goods

- Shipment of perishable items, plants, fertilizer, frozen foods, liquor, wine collections, combustible items, ammunition
- Repairs, modifications or electrical work needed to remove or install flat screen TVs
- Self-hire moving van (U-Haul, etc.)
- Disassembling / erecting swing sets, playhouses, home gym equipment, swimming pools, spas, hot tubs, trampolines, jungle gyms, satellite dishes, tv antennas, greenhouses, sheds, pet enclosures, foos ball, air hockey and ping pong, etc.
- Empty or refill waterbeds
- Piano tuning

If you contract for services or shipment of items that are not authorized by the Company, they should be paid by you upon delivery of the goods.

Transportation of Personal Vehicles

If the distance between your old and new work locations is 600 miles or more, you are eligible for the shipment of one vehicle per licensed driver (up to a total of three vehicles). If the distance is less than 600 miles or you choose to drive one or more of your vehicles to the new work location, refer to the Final Move Trip section of this Policy for guidance regarding mileage reimbursement. It is expected that you will ship or drive one vehicle if you report to work in advance of your family’s move.

Appliance Service

Reconnection for refrigerators, washers and dryers will be arranged through the carrier. Special plumbing or wiring at the new location is not reimbursable.

Insuring Household Goods

The Company is self-insured and will provide full coverage based on the replacement value of household goods. Antiques, fine art, and unique items will require specific itemization and pre-move appraisals to qualify for insurance protection. You will be responsible for the cost of appraisals.

Loss and/or Damage Claims

If any loss or damage occurs to your household goods, you should immediately notify the Consultant and the carrier. If there is any damage noticed at the time of delivery, you should bring it to the driver’s attention immediately; note it on the inventory listing, and follow up with a claim in writing. All claims must be submitted within 90 days of the delivery date and need to be filed in writing with the moving company.
Storage of Goods

The Company will provide storage of household goods for a period not to exceed 60 days from the date of shipment. Only those items on the original bill of lading are eligible for storage at Company expense. Goods will be delivered from storage to the new home. Company-paid access to stored items is limited to one visit. Household goods that are restricted from shipping are not eligible for storage. Household goods will not be delivered or picked up from self-storage facilities.

Gratuities

Movers are fully compensated by the Company for their work. Therefore, the Company will not reimburse gratuities.
Tax Gross Up

Most reimbursements related to relocation that are made to you or on your behalf must be reported as taxable income. The IRS considers all Company-paid relocation expenses except those associated with the sale of your home through the Buyer Value Option / Amended Value Sale / Guaranteed Offer, shipment of household goods, 30 days storage and Final Move Trip to the new location (excluding meals) to be considered ordinary taxable income. The Company’s tax assistance program is provided to alleviate some of the additional tax burden that you may incur as a result of the relocation.

Unless otherwise indicated in this Policy, the Company will pay the estimated federal, state, local and FICA tax liability (gross up) that arises from the taxable but generally not deductible portion of Company-reimbursed expenses associated with the your relocation within program limits. This tax assistance is based on Company income without consideration for any additional, outside sources of income except that of a spouse who is also employed by the Company. Experienced new hires’ salaries will be annualized when calculating tax assistance.

In Publication 521, the IRS has defined moving expenses as the reasonable cost of:
- Shipping household goods and personal effects from the former residence to the new residence
- First 30 days of storage expenses; and
- Travel and lodging en route to the new location.

These expenses, which are paid by the Company (directly to you or to a third-party company on your behalf), are excludable from your income and are not deductible on your income tax return.

As a reminder, please ensure that your address is updated in all necessary Company records/systems.

At year-end your actual tax bracket will be determined and only Phillips 66 income will be used in this calculation. This tax rate will be used in calculating the actual tax due on the taxable, tax-assisted relocation expenses. This amount will then be compared to the amounts paid by Phillips 66 as withholding throughout the year; the total taxes withheld will be adjusted to the actual tax amounts due. This adjustment whether positive or negative, will be processed on your December 31 pay.

Excess FICA Tax Assistance

All taxable moving expenses are subject to FICA. You will pay FICA-OASDI on all taxable moving expense compensation paid throughout the year. At year-end, a FICA-OASDI reconciliation will be done. If you have incurred additional taxes due to Company reimbursement of moving expenses, you will be reimbursed for the major portion of the excess FICA taxes through additional federal tax assistance.
# Tax Assistance

## Relocation Tax Report

You will be provided with a Relocation Tax Report in January, which summarizes the reimbursements related to your relocation. This form will outline in detail all reimbursements, including tax assistance paid by the Company (gross-up). However, we strongly recommend that you consult a personal tax advisor to determine the effect on your personal income tax liability.

## Tax Table

<table>
<thead>
<tr>
<th>Policy Component</th>
<th>Taxable</th>
<th>Tax Assisted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lump Sum Payment</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Miscellaneous Expense Allowance</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Home Finding Trip</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Temporary Living</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Final Move Trip to the New Location:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- One way airfare / transportation</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Meals</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>- Lodging en route</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Driving mileage – up to current IRS rate</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Driving mileage – over current IRS rate</td>
<td>Yes²</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Home Sale Assistance:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Marketing Assistance Program</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>- Buyer Value Option</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Amended Value Sale</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Guaranteed Offer</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Independent Sale</td>
<td>Yes</td>
<td>Yes / No</td>
</tr>
<tr>
<td><strong>Home Sale Incentive</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Loss on Sale</strong></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Duplicate Housing Assistance:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Mortgage Interest</td>
<td>Yes¹</td>
<td>No</td>
</tr>
<tr>
<td>- Property Taxes</td>
<td>Yes¹</td>
<td>No</td>
</tr>
<tr>
<td>- Property Insurance</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>- Maintenance / Utilities</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Home Purchase Assistance:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Closing costs</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>- Points paid to reduce interest rate</td>
<td>Yes¹</td>
<td>No</td>
</tr>
</tbody>
</table>
## Tax Assistance

<table>
<thead>
<tr>
<th>Policy Component</th>
<th>Taxable</th>
<th>Tax Assisted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost-of-Living Allowance (COLA)</td>
<td>Yes(^1)</td>
<td>No</td>
</tr>
<tr>
<td>Lease Cancellation</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Shipment of Household Goods:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Household goods shipment</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Storage up to 30 days</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Storage after 30 days</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>- In-transit insurance / valuation coverage</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>- Personal vehicle shipment</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Spousal Assistance</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

\(^1\) Taxable expense which must be added to employee income but which may be deducted by employee on personal tax return

\(^2\) Mileage reimbursed over current IRS standard mileage rate is taxable
Glossary of Terms

Accompanied Status – Temporary assignment or extended temporary assignment where the family members are approved, by management, to accompany the employee.

Amended Value Sale – A sale that occurs when an employee finds an outside buyer for their home instead of accepting the Guaranteed Offer.

Appraisal (Relocation) - The process by which the anticipated sales price of a residential housing unit, using the market data approach to value, is established. Also, the form by which the anticipated sales price is reported. The purpose of this appraisal is to establish the Anticipated Sales Price for a relocated employee’s residence and assumes an arm’s length transaction.

Brokers Market Analysis (BMA) – Information includes a written market analysis on recent comparable sales, listings with suggestions for marketing strategies, suggested list prices, and most likely sales prices.

Buyer’s Value Option - A buyer value option transaction is a variation of the amended value transaction in which no appraisals are obtained and usually the Company makes no initial offer to the employee.

Cost-of-Living Allowance (COLA) - An allowance intended to assist an employee who is moving to a higher cost-of-living area to cover those higher expenses for a given period of time.

Daily Living Allowance (DLA) – A per diem allowance paid to an employee on a temporary assignment to cover living expenses at the temporary location. DLA expenses include furnished housing, utilities, and meals and incidentals.

Deficit Equity - An amount of money due from the employee to the purchaser as a result of equity calculation in which balance due on the mortgage and/or other liens is greater than the sales price of the home.

Duplicate Housing Expenses - Costs experienced as a result of an employee purchasing or leasing a home in the new location before selling the home in the in the old location.

Equity - The interest or value an owner has in real estate over and above the existing liens against it. Equity equals sales price minus all debts (mortgage balance, assessments, liens, etc.).

Equity Advance - Payment of a portion of the available equity in the employee’s home prior to the sale of the home.

Excludable Expenses - Those moving expenses or reimbursements that the IRS considers non-taxable. They include travel and lodging at the time of the move, as well as household goods shipment and up to 30 days of in-transit storage.

Exclusion Clause - A provision placed in a listing agreement in which the agent/broker acknowledges that he/she will earn no commission if the employee sells the home to the purchaser (typically a relocation management company or an employer).
Glossary of Terms

Extended Temporary Assignment – A temporary assignment which management anticipates will extend beyond 12 months. A temporary assignment becomes an extended temporary assignment at the time the Company reasonably expects the assignment to extend beyond (12) months. Any monies paid to the employee on this type of assignment are fully taxable and typically tax-assisted.

Fair (Current) Market Value - The most probable price that a willing and well-informed buyer would be justified in paying and an equally informed seller would accept for a home placed in a competitive and open market for a reasonable period of time.

Family - Includes your spouse and your children (unmarried children under age 19 living with and dependent upon you). It may also include:
- Full-time students under age 25 who maintain their permanent residence at your home
- Legally adopted children
- Children under legal guardianship of you and/or your spouse

Global Mobility - The Phillips 66 business unit that manages the administration of all relocation policies.

Gross-Up - See Tax-Assisted.

Guaranteed Offer - The offer by the Relocation Management Company or the employer to purchase an employee’s principal residence, typically based on the average of two appraisals, with a fixed acceptance period.

Home Inspection - A report from an independent technician rendering an opinion on the condition of a property. Such reports might include termite, well, septic, plumbing, heating, electrical, structural, roof, radon, or geotechnical exploration.

Independent Sale - A type of home sale assistance program in which the corporation does not guarantee an appraised value nor does it purchase the property from the employee but does reimburse some or all direct selling costs.

IRS Form 1099S - A document required by the Internal Revenue Service that reports the selling of a home and provides certain financial data related to the sale. It is generally prepared by a lender or title company. If the sale price is $250,000 or below ($500,000 for married couples filing jointly) and certain other requirements are met, reporting has not been required because the home sale exclusion rules were enacted in 1997.

Listing Agreement - An agreement between a seller of real property and a real estate agent/broker whereby the agent/broker agrees to attempt to secure a buyer for the property at a certain price and terms in return for a fee or commission.

Loss on Sale - Actual dollar difference between the appraised value of a property and the lower ultimate sales price after the purchaser (employer or Relocation Management Company) has acquired the property.
Lump Sum Payment - a one-time payment of certain expenses, e.g., Miscellaneous Expense Allowance, Home Finding, and Temporary Living. This payment may be used at the discretion of the employee.

Marketing Assistance Program - Proactive marketing assistance designed to help the employee market the primary residence by designing a customized marketing strategy and assist with offer negotiations.

Marketing Period (By the Employee) - Period of time beginning when the employee lists his/her house for sale and ending when he/she accepts the Guaranteed Offer or an outside sale.

Miscellaneous Expense Allowance - Generally covers expense items not specifically covered within the relocation policy.

Primary Residence - A residence that the employee owns and occupies as his/her principal residence.

Radon - A colorless, odorless, naturally occurring radioactive gas produced from the decay of natural radioactive minerals in the ground. Radon gas surfaces to the earth through pores in the soil and rocks and escapes harmlessly into the atmosphere. However, it poses a risk of lung cancer if inhaled in concentrated amounts. Problems can occur when radon seeps into houses through cracks and openings in basements and crawl spaces and accumulates in living areas.

Relocation Consultant (Consultant) - The individual at the Relocation Management Company assigned to act as an advocate for the employee throughout the entire relocation process.

Relocation Management Company - A service partner retained by the Company to administer our relocation policies, including home sale services to relocating employees.

Relocation Repayment Agreement - Document signed by the employee stating that if he/she terminates, either voluntarily or involuntarily, employment within a certain time period from the effective date of transfer, the employee agrees to repay all or certain relocation expenses.

Sales Price - The agreed-to selling price of a property. Usually, the result of negotiation between seller and buyer and reflects the total amount of money to change hands at closing.

Tax-Assisted - Refers to the process by which an employer makes payments on behalf of an employee to the various authorities for federal and state income and FICA taxes. It is designed to help the employee in covering the additional tax burden incurred due to the fact that most relocation payments are treated as taxable income to the employee. These payments, which are also considered income, may pay for all or part of the additional taxes incurred.

Temporary Assignment – An assignment intended to be less than (12) months in duration where the employee maintains his/her primary residence in the primary work location. All expenses paid to the employee are non-taxable.

Temporary Living Expenses - Expenses incurred by employees who must live in temporary quarters because they are to begin work in the new location before closing on a new home or leasing an apartment.
Glossary of Terms

Unaccompanied Status- Temporary assignment or extended temporary assignment in which only the employee moves to the temporary assignment work location.

Vacate Date- The date on which the employee moves out of the property.
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