

**RELOCATION
POLICY
(RELOCATION OF
NEWLY HIRED EMPLOYEES)**

Eligibility

Mileage reimbursement

For relocation expenses to be paid, the employee's work location must be more than 30 miles from his or her current home and the new home must be at least 10 miles closer to the new work location.

Details of policy

An explanation of the current policy is enclosed with all job offers for employees who live more than 30 miles from their work location.

Timing of relocation

Except in unusual circumstances, or when an extended training period at a location other than the employee's work location is involved, newly hired employees are expected to move within three months of their date of hire. Approval to extend the period beyond three months must be given by the cost center manager.

Approval of relocation expense vouchers

Payment of all relocation expenses with supporting invoices, receipts and daily expense vouchers is approved by the incoming personnel representative and incoming cost center manager; payment is made by the Finance Department. Approved vouchers should be submitted to the Employee Expense Department in Maynard for payment within two weeks of the expense being incurred.

Cash advance

Cash advances to newly hired employees are made with approval of the personnel representative and the cost center manager. The employee is advanced a sufficient amount of money to cover travel and temporary living expenses. Advances are provided for reimbursable items only. Advances must be cleared by submitting appropriate vouchers within two weeks of the completion of the move.

Househunting trip

Expenses for one round trip for the employee, spouse and children to the new location for purposes of househunting are reimbursed. Expenses covered are limited to travel, lodging, meals and childcare (if children are not taken on househunting trip). Househunting trips are normally limited to 5 days at the new location. The Business

Expense Policy (5.11) provides guidelines for all expenses. The purpose of the househunting trip is to enable employees to make arrangements for permanent accommodations which should reduce the need for temporary living.

For moves of less than 60 miles, househunting expenses are not reimbursed, but the employee receives a flat sum of \$100 for househunting related expenses.

Travel expenses en route to the new location

All expenses for the relocating employee and family should follow the Business Expense Policy (5.11) with the exception of automobile mileage detailed below:

- If the employee moves from the old location to the new location by automobile, reimbursement is made at the current business mileage rate. A relocating employee is expected to average 350 miles per day.

Temporary living at new location

Relocating employees are eligible for temporary living reimbursement when they move more than 60 miles and are unable to move directly into their permanent residence.

Employees accompanied by their family will be reimbursed for temporary living expenses up to 30 days.

Employees who elect not to bring their families to the new location for temporary living will be reimbursed for expenses incurred for up to 60 days. In addition, pending occupancy of the new home, the employee is reimbursed for up to one week of temporary living expenses for the family at the new location.

Relocating employees should contact the incoming Personnel Department for approval of temporary living facilities. Company leased facilities will be used for temporary living when and if they are available.

Actual and reasonable expenses for the employee and accompanying family members are reimbursed in accordance with the Business Expense Policy (5.11). In addition, the following expenses are reimbursed:

- A reasonable number of telephone calls relating to real estate and home to spouse or family. The company tieline network should be used when possible to reduce costs.

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- Childcare (receipt required)
- Laundry (receipt required)
- Boarding of household pets (receipt required)

When employees live in temporary apartments, actual and reasonable expenses are reimbursed.

Employees who stay with friends or relatives during temporary living are authorized a reimbursement of up to \$20 per day to provide the host with assistance in defraying the additional expenses of room and board for the employee and family.

Return trip home

During the period of temporary living, employees who bring their families with them are allowed one round trip to their old location (transportation only). Second round trips to the former location require advance approval of the employee's cost center manager.

Employees who do not bring their families with them during temporary living are reimbursed for expenses for round trips to the former location according to the Business Expense Policy (5.11), provided that they are not more frequent than once every three weeks. In addition, pending occupancy of the new home, the employee is reimbursed for up to one week of temporary living expenses for the family at the new location.

Company paid expenses

If airline, hotel or car rental expenses are directly paid by Digital, all receipts must be submitted on a company paid voucher and submitted with the appropriate weeks' employee paid expense vouchers.

Moving expenses

Household goods

Packing of normal household goods and personal effects, transportation of those items from the old location to the new location, and unpacking of those items at the new location is paid by Digital. If it is necessary to store those items during the move, handling and up to 30 days of storage are also paid. Tips to movers are not reimbursed. Due to the high costs of moving household goods, Digital urges relocating employees to discard all unusable items prior to the move.

Household pets

Generally employees are expected to transport their pets with them in their personal automobile. When this is not possible, Digital reimburses employees for transportation costs and the rental of a necessary airline carrier. Household pets are defined as small animals which live in the home. Cost for transportation of large animals,

such as horses, is not reimbursable except as provided for trailers below.

Boats and trailers

Reasonable expenses for the shipment of small boats (up to 16 ft. in length) and small recreational vehicles (up to 2,000 lb.) are paid by Digital. Any excess charges are paid by the employee. If the employee tows a trailer or a recreational vehicle to the new location, 5 cents per mile is authorized to be added to the standard relocation rate.

Major appliances

Digital pays for connecting and disconnecting major appliances, such as washers and dryers. No reimbursement is made for improvements to a home, such as installing a gas line or an electric outlet.

Special handling

Items that require special handling and/or shipping are treated as exceptions to the policy as outlined in the "exceptions" section of this policy.

Insurance/claims

1. *Insurer*—All Digital shipments within the United States are insured by an outside insurance firm called Frank B. Hall, Inc.
2. *Filing claim(s)*—Included in the Relocation Kit is a Household Move Relocation Brochure and a cover letter with a claims form from Frank B. Hall, Inc. The Agency has five regional offices the employee may notify and deal with in completing a formal claim. Under no circumstances should the employee file a formal claim with the moving company.
3. *Coverage*—The employee's household goods items are insured for replacement cost less depreciation. Coverage per move is for claims up to \$50,000. This eliminates the possibility of underinsuring and guarantees coverage for the shipment. However, if the employee feels additional coverage is necessary, contact the Household Goods Relocation Department in Northboro. This additional insurance coverage costs \$3 per \$1,000 of value coverage and is not reimbursed by Digital. Digital will pay for the above-mentioned \$50,000 coverage.

The employee is covered for all physical loss and/or damage to his/her household goods up to the limit declared for as long as those goods are in the custody of the mover. Included is insurance for up to 180 days if the belongings are put in temporary storage.

There is no coverage for money, coins, jewelry, watches, precious stones, personal papers, animals, or "inherent vice" (defined as adjustments to fine-tuned equipment).

This coverage applies only for relocating

domestic household goods. International household moves are insured via the moving company. For claims on international moves, the Household Goods Department in Northboro should be contacted.

Delivery of goods

Digital pays only for the cost of regular weekday delivery of goods. If the employee must move out of the old home or into the new home over a weekend, any additional charges are also paid if prior approval is obtained from the incoming personnel representative and the incoming cost center manager.

Transportation of automobiles

If a Digital leased automobile will be provided to the employee, the transportation of one personally owned automobile is paid. If no Digital leased automobile is involved, transportation of up to two personally owned automobiles is paid. Automobiles may either be driven to their new location or shipped. If an automobile is to be shipped, the employee should contact the Household Goods Relocation Department in Northboro to determine the method of shipment. Generally the first auto is packed in the van and a second auto is sent via other means. No van expense for automobiles is authorized for moves of less than 350 miles.

Digital does not pay for charges in excess of the retail value of the automobile at the time of the move, as determined by the current NADA retail value. If the employee chooses not to move a car, no losses on the sale of the car are reimbursed.

Mobile homes

If an employee primarily resides in a mobile home and wants to move it, the costs involved to disconnect, transport and install the mobile home are paid. Digital's Household Goods Relocation Department in Northboro assists with details in such a move.

How to initiate the move

When the relocation has been approved, the employee should contact the Household Goods Relocation Department in Northboro which schedules the move through a designated van line. A representative of the van line contacts the employee directly to make arrangements for an estimate, packing, and loading. Questions regarding the actual move should be directed to the Household Goods Relocation Department in Northboro or the van line.

Sale, purchase and lease of residences

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Digital does not provide financial assistance in the

sale or purchase of homes for newly hired employees.

Lease cancellation charge

If an employee is required to terminate a lease upon moving, Digital reimburses him/her for up to three months rental fees. A copy of the lease or similar documentation is required.

Taxes

Status of laws (as of the date of this policy)

Under the current U.S. tax laws, Digital must report all relocation payments and reimbursements to the U.S. Government by adding those payment figures to the employee's W2 Income Statement. Most of these payments, however, are tax deductible and can be deducted from earnings when the employee files personal income taxes. A breakdown with additional information is furnished along with the employee's W2 form.

Tax adder

Any expense for which an employee is reimbursed, other than mentioned above, including amounts over and above the limits mentioned above, must be reported as taxable income from which income taxes must be withheld. For all relocation reimbursements for which we withhold federal taxes (except the Interest Differential Payment), the employee is given an additional amount of money to assist with his/her tax liability. The actual amount of tax adder is determined by considering three factors: the employee's salary including overtime, the employee's marital status, and the total amount of taxable relocation payments that he/she received in a given calendar year. Tax adders are calculated and applied to the employee's salary near the end of each calendar year.

Exceptions

If an exception to this relocation policy is necessary, approval of the exception rests with the incoming plant, product or regional manager, and the incoming personnel manager. Exceptions in excess of \$500 require the approval of the group personnel manager. Any exception should be approved prior to the employee incurring the expense.

Anyone who authorizes an exception to this policy must submit the proper exception form with a voucher to the Employee Expense Department in Maynard. A file of exceptions is maintained in this department and is available for review by the Finance and Administration Committee.

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