ConocoPhillips

Domestic Relocation Policy

For questions regarding this policy you may contact: The Relocation Center at 1-800-267-7573
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Policy Purpose

The purpose of this policy is to assist employees with the costs incurred as a result of moving their primary residence at the direct request of the Company. If more than one Company employee from the same household is being relocated, the relocation policy will be administered on a single household basis.

You are encouraged to thoroughly review this relocation guide to become familiar with all aspects of the policy. This will help you to plan and prepare for your relocation.

Although no relocation policy can cover all perceived needs or costs, the intent of this policy is to serve as a procedural guideline to help make your relocation a successful and smooth experience.

Note: The Company reserves the right to administer, interpret, revise, or terminate any or all of the provisions of this policy. This policy shall not be considered or construed as an employment contract.

Eligibility

This policy is intended to provide relocation assistance in the Lower 48 and Alaska for:
- Regular, full-time employees relocating at the request of the Company, and
- Experienced new hires with three or more years of related/applicable experience.

Employee Repayment Agreement

All employees will be required to sign an Employee Repayment Agreement prior to receiving any relocation benefits (see Glossary of Terms). If your employment is terminated, either voluntarily or involuntarily, all relocation benefits will stop immediately. You will forfeit any remaining relocation benefits (e.g. Guaranteed Offer for home sale) as they remain in effect only as long as you are an active employee in good standing. In addition, per the Employee Repayment Agreement (see Glossary of Terms), if you voluntarily resign within six months of your effective date of transfer, you must repay all relocation payments.

Time Frame

All policy provisions are effective for one year from date of transfer.
- 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).
Introduction

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. Moreover, the company may recover any benefits provided under this policy if you have failed to act in good faith.

Allowances

No substitutions for allowances are provided for in this policy. The allowances are for specific purposes as stated within the policy. An expense for which no allowance is provided cannot be substituted for an allowable expense. If you have an expense and you cannot find it covered in this guide, you should assume that it is non-reimbursable. The Relocation Policy is not intended to support individual lifestyles. If you have questions about what expenses are allowable, please review these with your Relocation Consultant or Relocation Services before you incur the expense.

Distance and Time Requirements

In order to comply with Internal Revenue Service (IRS) regulations, this policy will be administered in a manner consistent with federal statutes regarding time and distance requirements relative to tax deduction eligibility as follows:

- The commute from your old residence to your new work location must be at least 50 miles farther than the commute from your old residence to your old work location.
- In order for your moving expenses to be deductible, you must also be employed full-time and reside at the new location for a minimum of 39 weeks in the 12-month period immediately following the start of work in the new location.
- If you voluntarily terminate employment prior to the completion of the 39-week period, all of the relocation expenses that would have been excludable and paid on your behalf by the Company will be considered as income and reported as such to the IRS. No additional gross-ups will be provided.

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.

Alaska Move-Out

Certain relocation benefits contained in this policy, as listed below, are applicable to employees who were moved to Alaska at the direct request of the Company and subsequently have employment ended by: layoff, retirement or death while continuing to work and live in Alaska.

- An unaccountable Lump Sum Payment that would include such items as:
  - Homefinding
  - Temporary Living

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In order to qualify for this benefit due to retirement, an individual must meet the COP retiree medical eligibility requirements. This would be defined as a total of sixty-five (65) points with a minimum of ten (10) years service with the company. Any other eligibility requirements as stated in this policy. The Alaska Move Out provision must have final written approval by the Alaska business unit.

No other relocation benefits shall apply.
Policy Administration and Assistance

The Company has retained the services of Relocation Management Company, GMAC Global Relocation Services, Inc (GMAC), to guide and assist you throughout your relocation. They will assign you to a Relocation Consultant (Consultant) who will act as your personal advocate throughout every phase of your move. The Consultant will review all aspects of your relocation benefits and help get your relocation started in a positive direction.

All phases of your move are administered by the Relocation Management Company at the direction of ConocoPhillips Relocation Services.

Expense Reimbursement

For expenses that are reimbursable by the Company, it is necessary to complete and submit the appropriate expense forms. Your Consultant will provide these forms to you, or they may be obtained from the Company intranet site.

Receipts are not required for expenses that are to be paid with your lump sum payment.

It is necessary to ask for and retain all receipts for your relocation expenses except as specifically noted in the policy.

Transfer Initiation

Following the closure of the merger transaction between Phillips and Conoco, and your acceptance of a transfer offer, your domestic transfer may be initiated under the terms of this policy by your contacting the Relocation Center at 1-800-267-7573.
Lump-Sum Payment

Purpose

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. This payment includes:

- Miscellaneous expense allowance
- Home-Finding trip expenses
- Temporary living expenses

Payment of the lump sum will:

- Be a single, one-time payment
- Require no itemization of expenses (no receipts)
- Be tax-assisted, subject to FICA

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 items specific to your move but not otherwise covered in this policy. Such items include, but are not limited to:

- Antenna installation and removal
- Apartment finding/application fees
- Appraisals for antiques, etc.
- Auto registrations
- Children’s expenses for home-finding trip
- Cleaning of new and old homes
- Disassembling gyms and other outside items
Lump-Sum Payment

- Disconnecting and reconnecting utilities
- Driver’s licenses
- Houseplant and tropical fish replacement
- Losses on disposal of frozen foods
- Non-refundable annual club dues, memberships and subscriptions
- Pet boarding and shipping
- Piano tuning
- Plumbing adjustments
- Pre-payment penalty
- Private mortgage insurance
- School registration and new textbooks
- Self-hire moving vans (U-Haul, etc.)
- Shortages in tax protection payments
- Tax advice and preparation

Home-Finding

The home-finding portion of the lump-sum payment is calculated by an outside consulting firm specializing in housing and cost-of-living-data. The amount will be based on:

- Marital status
- Cost of these goods and services at the new work location
- One home finding trip is allowed
- Pool vehicles are not available for use during home finding
- Five days/ four nights for renters

Items included in this calculation are:

- Transportation—airfare (except between sites that are served by the corporate shuttle) or mileage
- Lodging
- Rental car (if applicable)
- Meals and incidentals per diem
- Child care of $75/ day for 1 child plus $40/ day for each additional child up to a maximum of $155/ day (if applicable)

Temporary Living

The temporary living portion is calculated by an outside consulting firm specializing in housing and cost-of-living-data. The amount will be based on:

- Number of family members
- Cost of these goods and services at the new work location
Lump-Sum Payment

- Thirty days/thirty nights for homeowners
- Fourteen days/fourteen nights for renters

Items included in this calculation are:
- Lodging
- Meals and incidentals per diem
- Car rental (where applicable) – 7 days

Only those qualified 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.

Extended Temporary Living at the New Location -- Special Cases

The Company recognizes that special circumstances may be present that can cause delays in your family moving to the new location. These special cases include:
- Child in high school at the old location
- Spouse employment commitment/contract at the old location
- Temporary medical restriction of a dependent at the old location

Under these special circumstances, if you precede your family to the new location, you may be eligible for additional temporary living up to a maximum of 60 additional days. If approved, the additional payment for extended temporary living in the new location will be included in your lump-sum payment.

The amount calculated will be based on:
- Lodging
- Return trips every other weekend (5 maximum)

Relocation Services must approve extended temporary living in writing prior to your beginning work in the new location. If extended temporary living is approved, all temporary living will be calculated on single status.

If you have a child who is a senior in high school at the old location and you precede your family to the new location, you will receive the extended temporary living as a lump-sum payment. You also may be eligible for lodging-only reimbursement (not lump-sum) for the remainder of the school year. Total temporary living payments/reimbursements will not exceed one year.
In-Transit Expenses

Purpose

In-transit travel expenses are reimbursed for you and eligible members of your immediate household for the shortest most direct route available from your old work 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), plus tolls and parking, if driven rather than shipped.
- A one-way coach 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 include telephone, tips, newspapers, movies, etc.):
  - $30/ adult/ day
  - $15/ child/ day - (12 and under)

The example below will help to further explain how to distinguish between temporary lodging (covered by the lump-sum-payment) and in-transit lodging:

<table>
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<th>Example</th>
<th>How it is figured</th>
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<tbody>
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<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 - In-transit</td>
</tr>
<tr>
<td>You drive to new location (May 17)</td>
<td>May 17 - In-transit</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 - In-transit May 19, 20 - Temporary living at new location</td>
</tr>
</tbody>
</table>

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

You should contact your Consultant to initiate the Home Sale Assistance Program prior to listing your home or committing your listing to any real estate agent or broker. You will have up to twelve months after your effective date of transfer to complete the home-selling process.

Eligibility

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 not be under substantial renovation or construction.
- Must have a Certificate of Occupancy where one is required.

You must complete any required repairs to bring your home into program eligibility. This includes repairs to (but not limited to) structural defects/ damage and code violations.

Excluded Properties – (Not Eligible)

- Multiple family residence
- Home with more than 5 acres
- Vacation home
- Boat or houseboat
- Commercial/ investment property
- Mobile/ modular home
- Cooperative apartments if purchased after 5/31/ 1997

Please speak to your Consultant immediately if your home falls into the category of an excludable property.

Special Cases

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

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- Is an earth-berm sheltered residence
- Was modified for solar heating or does not have a heating system
- Has hazardous materials, synthetic stucco, or similar products
- Does not have 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 either 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, highly supportive Marketing Assistance Program designed to 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 agent you select to implement an effective marketing strategy. Your initial list price must be within 5% of the highest Broker Market Analyses (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.

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- Work in partnership with you and the recommended agent 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 or 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.

Participation in marketing assistance requires that you use a preferred broker/agent who has been approved by the Relocation Management Company. If you have another agent in mind, you may submit the agent’s name for consideration. If the agent is approved by the Relocation Management Company, he or she must agree to a referral agreement before being assigned as the “listing agent”.

Eligibility for the following benefits requires that you participate in the Marketing Assistance Program:
- Guaranteed Offer
- Loss on Sale
- Equity Advance
Homeowner Services – Departure Location

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

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<th>Buyer Value Option (BVO)</th>
<th>Amended Value (AV)</th>
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<tbody>
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<td>• Offer is received from a prospective purchaser prior to initiation of Appraisal Process.</td>
<td>• Offer from a prospective purchaser is received after offer from Company is made.</td>
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<tr>
<td>• 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.</td>
<td>• 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.</td>
</tr>
<tr>
<td>• You should execute and return the Home Sale Agreement to Consultant.</td>
<td>• You will execute return the home sale agreement to your Consultant.</td>
</tr>
<tr>
<td>• Your Consultant will execute the contract with the prospective buyer.</td>
<td>• Your Consultant will execute the contract with prospective purchaser.</td>
</tr>
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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.

The Relocation Management Company 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 vacate date or date of executed 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 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 broker, you may appeal the Guaranteed Offer by:
Homeowner Services – Departure Location

- 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

Any inspection performed on your home prior to acceptance of the Guaranteed Offer may be used to determine required deferred maintenance. This includes, but is not limited to, an inspection performed by a prospective purchaser and/or an inspection performed by the Company or Company representative. Typical inspections performed may include:

- Structural
- Electrical
- Mechanical
- Plumbing
- Septic
- Radon
- Roof
- Pool/ Spa

Any necessary work required as a result of these inspections:
- Can be repaired by you, subject to re-inspection, or
- Can be deducted from equity (based on the lower of two bids) and repaired after you vacate unless the repairs are EPA required or environmental issues.

Equity Advances

The equity advance is designed to provide you with financial assistance in the purchase of a new home prior to selling or closing on the home you own in the old location. Eligibility for this program requires the following:

- Your participation in the Marketing Assistance Program, and
- Your continuation of all marketing efforts with the intent to secure an amended value sale on your home, and/or
- Your 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.

Contact your Consultant to request an equity advance.

**Home Sale Incentive**

You may receive a bonus for obtaining a successful contract with an outside buyer. The bonus 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 to you after the sale of the home closes. If the sale does not close, no bonus is paid. The incentive is not tax-assisted.

**Loss on Sale**

*Experienced new hires are not eligible for this provision.*

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. The property must have been sold through the Marketing Assistance Program as a buyer value option, amended value sale, or Guaranteed Offer.

The loss-on-sale calculation is based on:

- The original purchase price (line 101 on HUD statement) 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 payment will be tax-assisted.

A pre-purchase appraisal is required to be eligible for loss-on-sale reimbursement on future moves. (An exception is for Heritage Conoco homes purchased prior to the ConocoPhillips merger closing
Loss calculations will be based on the lower of the purchase price or the pre-purchase appraised value. The appraisal may be on the mortgage appraisal form or the Employee Relocation Council form. For those individuals 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) to be eligible for future loss-on-sale benefits.

**Heritage Conoco** - A pre-purchase appraisal is not required for homes purchased prior to the ConocoPhillips merger closing date.

**Heritage Phillips** - Employees who meet the criteria listed below will be grandfathered under the capital improvements provision of the Heritage Phillips Domestic Relocation Policy for three years from the date of closing of the ConocoPhillips merger. Requirements include:
- Employee was relocated at the request of the Company under the Heritage Phillips Domestic Relocation Policy when property was purchased.
- Employee incurs a loss on the sale of his/her home when selling at the time of a subsequent relocation requested by the Company.

**Independent Sale**

If you choose to sell your home without the services provided through the Marketing Assistance Program, you may be eligible to sell as an Independent Sale. You must contact Relocation Services for prior approval. The Company may reimburse you for the following list of normal and reasonable selling and closing expenses:
- Customary 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 reimbursement
- Home sale incentive (3%)

If you choose to sell your home as an Independent Sale, the reimbursements you receive will **not be tax-assisted**. In addition:
- You will not be eligible for an equity advance.

**ConocoPhillips**
Domestic Relocation Policy
Homeowner Services – Departure Location

- You will not be eligible for a Guaranteed Offer.
- You will not be eligible for loss-on-sale.

Duplicate Housing Expenses

If you and your family must move to your new permanent residence before selling your old one and you have two homes to maintain, the Company will provide financial assistance for the departure location home. You will be reimbursed duplicate housing costs for up to 60 days for the following:

- Mortgage interest
- Taxes
- Insurance
- Utilities (water, gas, and electric)
- Lawn care
- Home Owner Association dues
- Pool care
- Security system maintenance and insurance

You must be actively marketing your home with a broker through a multiple-listing service. Temporary living days must be exhausted prior to being eligible for this reimbursement. Temporary living and duplicate housing expenses are not reimbursed simultaneously.

Required documents include:

- Amortization schedule
- Receipts for all other components of your duplicate expenses
- Completed form requesting reimbursement

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.
Homeowner Services – Departure Location

- 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.

Oil-heated homes

- Contact heating company to take a reading of your fuel capacity.
- Send documentation to your Consultant showing remaining capacity of your oil tank.
- Consultant will reimburse you for this remaining fuel.

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.
Home Purchase Assistance

The Relocation Management Company 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 preferred broker network in your new area to help you with your home search. While this service is optional, it is highly recommended.

Your Consultant and agent will assist you throughout all aspects of the home-buying process and will help you coordinate the many activities involved in 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.

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.

It can be a:
- Single family residence
- Town home
- Condominium

It cannot be a:
- Secondary residence such as a vacation home or houseboat
- Property purchased for speculation or income-producing purposes (farms or multiple units)
- Home with nonadjacent land
- Home with more than 5 acres
- Cooperative apartment
- Mobile/modular home
- Home not covered by the above Home Sale Assistance Program or Independent Sale.

Closing Costs

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

The Company will reimburse actual normal buyer’s closing costs incurred on the purchase of a home in the new location. Discount points, including loan origination fees - from one to three points - are reimbursed on a sliding scale (see below). The scale is based on the composite mortgage rates of 125 national lenders - often called the FNMA 30-year/60-day index. These rates are reviewed and adjusted, if applicable, on April 1 and October 1 of each year.
Scale to Determine Point/Loan Origination Fee Reimbursement

<table>
<thead>
<tr>
<th>Prevailing Mortgage Rate</th>
<th>Mortgage Fee Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;8%</td>
<td>1.0</td>
</tr>
<tr>
<td>8.0 - 8.5%</td>
<td>1.5</td>
</tr>
<tr>
<td>8.51 - 9.0%</td>
<td>2.0</td>
</tr>
<tr>
<td>9.01 - 10.0%</td>
<td>2.5</td>
</tr>
<tr>
<td>&gt;10.0%</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Closing costs not reimbursed include, but may not be limited to:
- Broker mortgage placement fees
- Duplicate mortgage fees
- Escrow pro-rations (tax and insurance pre-paids)
- Escrow waiver fees
- Homeowner Association Fees
- Homeowner warranty or transfer fees
- Interest charges
- Mortgage broker fees
- Other fees deemed as “junk fees” and special assignments
- Permits (building, sewer, zoning, etc.)
- Private mortgage insurance (PMI)
- Property tax
- Seller costs or concessions assumed by you

For your convenience, the Company has direct billing arrangements with several lenders (see National Lender Program below). If you do not use one of the approved national lenders, reimbursement for allowable buyer's closing costs may be claimed by completing a moving expense worksheet with HUD-1 closing statement attached. These documents should be submitted to your Consultant for payment. This reimbursement is made after closing on your new home.

Lenders not approved by the Company may not direct bill the closing costs and may charge fees that are not reimbursable.

National Lender Program

Competitive rate mortgage programs have been established with several mortgage lenders. Your Consultant will provide specific contact information.
Homeowner Services – Destination Location

What’s Offered?

- Competitive mortgage rates
- Mortgage loan pre-qualification and pre-approval
- Dedicated service familiar with our policy
- Simplified application procedures
- 800 numbers for ease of contact
- Liberal qualifying ratios
- Full selection of mortgage types
- Prompt closing and settlements

Advantages

- Makes getting a new mortgage easier
- Allowable closing costs billed directly to the Company

What To Do

- Talk to a national lender service representative
- Tell them you are a relocating ConocoPhillips employee
- Complete and submit a mortgage application

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) at 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 renegotiate with the seller. For reimbursement, submit a copy of the appraisal and invoice to your Relocation Consultant.

For those individuals 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 original purchase price or on the appraised value, whichever is less.

**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.

**Mortgage Interest Assistance**

Mortgage interest assistance may be available at such time as the base or floor interest rate (nationally) exceeds 10%.
Purpose

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

Eligibility

The greater Houston, Texas area serves as the base (100%) location. Transfers from locations with living cost levels below Houston will be considered equal to Houston when determining qualification for assistance. A point-to-point comparison will be used when the living costs at the transfer-from location are equal to or higher than Houston. The COLA calculation uses a standardized profile—based on income, family size, homeowner or renter status, and current home mortgage interest rate—to compare the cost of housing, transportation, taxes, and durable goods and services at your old and new 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 of assistance.

NOTE: The subsidy dollars are applied to mortgage interest only and cannot be used to reduce your principal balance.
Cost-of-Living-Allowance (COLA)

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.
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 oral agreements, security/ damage, or pet deposits.

To receive reimbursement, you must submit an Expense Reimbursement form to your Consultant. 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 make your move to the new location as easy and trouble-free as possible. You should contact your Consultant as soon as possible to begin planning a home-finding trip that will maximize your time and resources.

You may include the paragraph below in any lease you sign. It may allow early lease termination, without penalty, if you are transferred at the request of the Company.

“If tenant is transferred by his employer this lease shall be automatically terminated provided the tenant pays the sum of ___________ dollars, which shall be offset by any security deposit balance being held by the Landlord as of the date this lease is terminated. Tenant agrees to provide the Landlord with at least 30 days notice of his intention to terminate this lease under the terms of the transfer offer.”
Shipment of Household Goods

Scheduling

All usual and reasonable costs of packing, insuring, transporting, and unpacking your furniture and household effects will be covered. If special packing is required, prior approval will be required. Extra stops, pick-ups, deliveries, etc. are not authorized under this policy.

Please **do not** contact or make a commitment to any carrier. 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 Company will then select a carrier. The carrier will contact you to survey your household goods for determination of approximate van space requirements and to confirm packing and loading dates. You are encouraged to arrange packing, loading, and delivery on weekdays. **Weekend scheduling must be approved in advance.**

Vehicles

If the distance between your old and new work location 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 in-transit 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.

Packing and Unpacking

The following services will be provided:
- Pack at old home
- Move your goods
- Unpack at new home
- Disconnect appliances at old home and connect them at new home
- Disassemble and reassemble waterbeds and pool tables

The following services are not provided:
- Disassemble or reassemble -
  - Gym or swing sets
  - Sheds
  - Pet enclosures
  - Spas or hot tubs
  - Satellite dishes or TV antennas
  - Exercise equipment
- Remove permanent fixtures from walls or ceilings such as vertical blinds or ceiling fans
- Empty or refill waterbeds

ConocoPhillips
Domestic Relocation Policy
Shipment of Household Goods

The carrier will not accept responsibility for breakage of articles that you have packed yourself. Therefore, it is recommended that the moving company personnel be allowed to pack all goods, and that you indicate any items that should receive special attention or care. You should make special arrangements for these items to be shipped by private means or carry them during the move.

Not Authorized for Shipment

Some items will not be shipped at the Company's expense. They include, but are not limited to:
- Jewelry, precious stones, legal documents, money (cash, securities, bonds, notes)
- Perishables, combustible items, and items that may cause contamination or damage to other goods
- Boats larger than 14 feet
- Ammunition
- Patio slate/bricks/cement/sand
- Frozen foods
- Indoor/outdoor plants/fertilizer
- Firewood/lumber/building materials
- Large machinery
- Swimming pools
- Outbuildings, storage sheds or greenhouses
- Handguns/Firearms
- Liquor
- Illegal items -- as per Interstate Commerce Commission regulations
- Pets
- Campers, R.V.’s, etc.

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. While the movers are responsible for unpacking cartons, they are not responsible for the placement of contents.

Other Moving Considerations

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.
Shipment of Household Goods

Loss and/ or Damage Claims

Claims should be processed through the carrier and must be submitted within 90 days of delivery.

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.

Storage of Goods

The Company will provide storage of household goods for a period not to exceed 90 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 restricted from shipping are not eligible for storage. Household goods will not be delivered or picked up from self-storage facilities.

Gratuities

Movers will be fully compensated by the Company for their work. Therefore, the Company will not reimburse gratuities.
Spouse Assistance

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
- Preparing and duplicating a resume
- License and certification fees

You must submit an expense report with support documentation to receive reimbursement.

Spousal job search expenses are tax-assisted.
**Tax Assistance**

**Purpose**

It is the intent of the Company to keep you reasonablywhole with respect to tax liabilities for federal, state, and local taxes incurred on tax-assisted reimbursements during your relocation. 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.

Effective January 1, 1994, 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.

At year-end your actual tax bracket will be determined; ConocoPhillips income only 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 COP 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 12/31 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 Reporting**

The Company will prepare a final employee moving expense summary, Relocation Tax Report, at the end of each year summarizing 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 tax advisor to determine the effect on your personal income tax liability.
Glossary of Terms

**Amended Value** - A relocation policy provision that, among other things, provides that after an appraised value has been determined, an offer to purchase the home has been made to an employee, and during the period in which the purchaser's (either the employer's or home purchase company's) written offer is outstanding, the employee may or may not be required by policy to seek a potential buyer willing to pay a price higher than the appraised value.

**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.

**Broker Market Analysis** - 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.

**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.

**Direct Reimbursement Program (Independent Sale)** - Typically, a type of home sale 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.

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

**Employee 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.

**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.
**Glossary of Terms**

**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 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).

**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

**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.

**Heritage** - term used to describe employees from each company, Conoco and Phillips, prior to closing of merger.

**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.

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

**Home Sale Agreement** - A written agreement (contract of sale) extended by the Company or Relocation Management Company as agent for the Company (buyer) to the employee (seller) to buy the employee's primary residence. This contract lists the price of the property and terms of the sale. The amount is computed according to the company's relocation policy.

**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. Required by the tax law of 1986, it is generally prepared by a lender or title company. If the sale price is $250,000 or below ($500,000 for ConocoPhillips

Domestic Relocation Policy
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 broker whereby the 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 Period (By the Employee)** - Period of time beginning when the employee lists his/her house for sale and ending when he/she accepts the employer/Relocation Management Company offer or a contract to purchase under a Higher Offer Program. If the employee is required to market the home for a specific period of time before and/or after the Guaranteed Offer has been extended before being eligible to accept the Guaranteed Offer, this is referred to as a “Mandatory Marketing Period.”

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

**Prepayment Penalty** - A charge imposed on a borrower who pays off a loan early. The penalty compensates the lender for interest that would otherwise be lost. This type of expense is not covered under this 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.

**Referral Fees** - A fee that is a portion of the broker’s commission that is paid to another broker, pursuant to an agreement, which provided either a listing prospect or selling prospect.

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

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

**Relocation Services** - The ConocoPhillips business unit that manages the administration of all relocation policies.

**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 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.

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