

Special Metals Corporation

Subject: Relocation of Transfers, Relocation of New Hires (Grade Seven or Below) – Domestic USA

RESPONSIBLE DEPARTMENT: Human Resources

SUPERSEDES: All

EFFECTIVE DATE: 08/01/2017

APPLICABILITY: All Exempt US Employees and New Hires (Grade Seven or Below)

PURPOSE:

- a) To define the Company policy regarding relocation of newly hired Special Metals Corporation (SMC) employees at grade seven and below, as well as relocation for employees transferred within the organization.
- b) To describe the intent of the relocation policy relative to consistency and equality in application of allowed expenses.

POLICY:

It is the policy of SMC to provide limited financial assistance for the relocation of newly hired employees and existing employees in certain positions. It is the intent of the policy to insure consistency in reimbursing allowed expenses. Relocation expenses must be approved by the Director – Compensation & Benefits.

ELIGIBILITY:

The Relocation Policy applies to current full-time, exempt employees (grade seven or below) relocated at the request of SMC and to newly hired exempt employees (grade seven or below). There is only one benefit per family, should the spouse of the newly hired employee work for SMC. The distance of the relocation must be at least fifty (50) miles greater than the distance between the employee's former place of employment and former residence.

Provisions of the policy apply to the employee and immediate family members who permanently reside in the employee's primary residence and who relocate to the new location with the employee.

STARTING THE RELOCATION PROCESS:

In an effort to improve the quality of real estate agent selection and control costs, SMC has adopted a "Broker Referral" program with a relocation consultant. Your utilization of this program in the purchase component of your relocation is very important and compliance will allow you to maximize your relocation benefits.

If you know which real estate agent you would like to work with, notify the relocation consultant **before** talking to the agent. Your consultant will register the referral with the real estate agent for you. If you do not have an agent in mind, tell your consultant. They will help you select a qualified agent.

A. DEPARTURE SERVICES

1. DUPLICATE HOUSING EXPENSES

There is no provision for reimbursement of any expense in connection with the employee owning a home in both the new and old location.

2. RELOCATION ALLOWANCE

Employees may receive a relocation allowance equivalent to one month's salary, not to exceed 10,000 USD. This is to cover incidental expenses associated with relocation, such as additional clothing, babysitting service, protections against loss on forced sale of major appliances, installation of telephone and utility services, costs of car registrations, house cleaning services, and any additional services associated with relocation. Employees will be eligible to receive this allowance upon actual relocation to the new location. ("Relocation" will be determined based on an event that takes place, including but not

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limited to, establishing a primary residence at the new location, moving household goods to the new location, finalizing a home purchase at the new location, signing a lease for housing at the new location, etc.). The Director, Compensation & Benefit or Senior Compensation & Benefits Analyst will confirm the release of the relocation allowance.

Please note that the relocation allowance benefit is not tax assisted and all applicable taxes will be withheld at the time of payment.

3. LEASE CANCELLATION

Subject to appropriate documentation, SMC will reimburse the cost of up to two month's rent, for lease cancellation penalties as a result of moving prior to the expiration of the employee's existing lease. Employees are expected to negotiate the most cost-effective settlement possible.

B. DESTINATION SERVICES

1. TEMPORARY HOUSING

Transferred/newly hired employees are eligible for 60 days temporary housing upon arriving at the new location. Employees in temporary housing are responsible for their food and groceries, including meals purchased at restaurants unless the temporary housing does not offer a full kitchen.

2. HOME SEARCH ASSISTANCE

Selecting a new community and home is one of the most important decisions for relocating employees and their families. SMC provides personal assistance and reimbursement to aid new hires or transferred employees in organizing and conducting their search. The assistance includes identification of employee's needs (e.g., housing, community, special requirements, etc.) prior to the house-hunting trips and coordination of referrals to local qualified real estate brokers or rental agents in the new area, which is coordinated through your relocation consultant as part of the "Broker Referral" program.

SMC will pay for two (2) trips (via coach or economy class air or rail) plus reasonable expenses (hotel, rental car, meals, taxi, etc.) for the employee and spouse to explore housing in the new location. The duration of each trip should not exceed three (3) business days, five (5) days total including weekends.

While it is not mandatory, SMC recommends that all employees utilize these services to ensure completion of their home search within the reimbursable time frame.

3. SHIPMENT OF HOUSEHOLD GOODS

SMC will provide assistance in moving household goods and personal effects utilizing one of several carriers with whom the Company has a negotiated contract.

a) SMC will pay the normal expenses of:

- 1) Packing, loading, moving, unloading (from one former residence to one new residence) of ordinary household goods and personal effects.
- 2) Shipment of two (2) automobiles if move exceeds 1,000 miles.
- 3) Insurance (replacement value)
- 4) In-transit storage of up to sixty (60) days
- 5) Appliance hook-up fees (washers, dryers and refrigerators)

b) The following items will not be moved:

- 1) Playground equipment or above-ground swimming pools
- 2) Firewood and building supplies/materials
- 3) Boats
- 4) Recreational vehicles or trailers
- 5) Plants
- 6) Food
- 7) Firearms
- 8) Jewelry or other valuable property
- 9) Hazardous items

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It is expected that the employee will use discretion in moving possessions that are of little value in relation to the cost of moving. No reimbursements will be provided for tipping of movers, maid services, or extra stops for pick-ups in route.

4. LOCAL TRANSPORTATION

Upon arrival at the new destination, SMC will reimburse the cost of one rental car for up to 14 days, if the employee's personal vehicle was shipped with household goods.

5. FINAL MOVE

SMC will reimburse transferred/new employees for the expense incurred during their final move trip to their new location. These expenses will included (if applicable) mileage, hotel/motel, fuel cost and meals. Supporting documentation and receipts shall be submitted to request reimbursement.

C. INCOME TAX WITHHOLDING

Most expenses reimbursed under the Company policy, for the purposes of Relocation, are considered income to you by the Internal Revenue Service. Each employee who receives payment or reimbursements under this policy should understand that the Company is required by the Internal Revenue Service to withhold income taxes from certain payments connected with moving and relocation. These certain payments are held to be ordinary income to the employee, and therefore subject to tax withholding.

D. TAX ASSISTANCE

All nondeductible and taxable reimbursements you will receive, except the Relocation Allowance, will be "grossed up." Tax assistance is a benefit paid on your behalf, directly to the taxing authorities, by the Company to assist you in meeting the additional tax liability generated by your relocation income. The tax assistance payment itself is "grossed up" for taxes because it is also considered taxable income to you.

The tax assistance benefit calculation will be based on current IRS supplemental tax rates and wage limits.

This tax assistance payment is not required by law; it is an additional benefit provided by the Company to relocating employees.

E. REPAYMENT AT TERMINATION

Employees may be required to repay SMC should they resign from employment prior to the completion of the repayment schedule. The employee will sign an agreement, at the time of his or her relocation, to reimburse the Company for all relocation expenses incurred. The amount will be prorated over two years, as set forth below. The Company may waive the repayment obligation in its sole discretion.

REPAYMENT SCHEDULE

RESIGNS WITHIN:	REIMBURSEMENT @
6 months of transfer/hire	100%
9 months of transfer/hire	85%
12 months of transfer/hire	75%
15 months of transfer/hire	65%
18 months of transfer/hire	45%
21 months of transfer/hire	25%
24 months of transfer/hire, or thereafter	0%