



MTS SYSTEMS CORPORATION

PROCEDURE

TITLE

NORTH AMERICA RELOCATION

NUMBER

PRO 96-06

PAGE

1 of 4

SUPERSEDES

PRO 96-05 dated 3-1-03*Changes in Italics*

ISSUE DATE

12/15/08

EFFECTIVE DATE

12/31/08

This Procedure Applies To:

☐ MTS Minneapolis☒ MTS North America☐ MTS Sector/Sub/Div – as noted below:☐ MTS Minneapolis & Sales/Service☐ MTS Worldwide

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1.0 PURPOSE STATEMENT

Relocation benefits are provided to assist employees and new hires with expenses associated with relocation. These benefits are reviewed periodically in light of market data to ensure the program is fair and competitive. The Vice President of Human Resources has the responsibility for managing and the authority to revise this procedure with final approval from the President.

Any deviation from this policy requires the advance approval of the Vice President of Human Resources or his/her Designee.

2.0 APPLICABILITY

This procedure applies to current exempt-level MTS employees who are transferred domestically at the Company's request, as well as new hires (provided the Personnel Requisition states that the position is eligible for relocation assistance). Certain provisions contained in this policy may be exempted when the transfer is initiated by the employee.

To qualify for benefits under this procedure, the relocation must meet the "50 Mile Distance" definition under IRS regulations.

Note: Transfers abroad are covered under Expatriate Relocation Procedure 108.

REVIEWED AND
APPROVED BY

AUTHOR

HR: EmploymentTYPOGRAPHER/DEPT.
BJC/Corp



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3.0 BENEFIT ELIGIBILITY SUMMARY

Relocation assistance is based on the job/position and its associated salary grade, as indicated below:

Level of Assistance	New Hires	Transfers
Tier 1	TE 1-7 SAM 9-17	TE 1-4 SAM 9-14 SM 1-3
Tier 2	TE 8-9 SAM 18-21	TE 5-9 SAM 15-21 SM 4-6
Tier 3	Executives	Executives

4.0 BENEFIT SUMMARY BY TIER:

Relocation Benefit	Tier 1	Tier 2	Tier 3
Movement of household goods	√	√	√
Lump Sum	√	√	√
Temporary Housing		√	√
Mortgage Interest Assistance			√

5.0 RELOCATION ASSISTANCE

5.1 Movement of Household Goods

MTS has contracted with reputable national van lines to facilitate the transportation of ordinary household goods, if the amount of household goods to be moved justifies use of a common carrier. In this situation, MTS will directly pay for the cost of packing, shipping, unpacking and insuring (during transit) of ordinary household furnishings and personal effects belonging to the employee and his/her dependents. In addition, MTS will transport up to two automobiles. In those cases where the amount of physical belongings does not warrant engaging a common carrier, the employee will be reimbursed for the cost of a self-haul truck or trailer.

When necessary, MTS will pay for in-transit storage for a period of up to 30 days. Due to the significant costs involved, in-transit storage requires advance approval from Human Resources. All items in storage must be released at the same time. The employee will assume the cost of partial releases from storage.

Full replacement value insurance is provided for the employee's covered personal property while in transit (note: automobiles will be covered at bluebook value). The insurance does not cover: banking accounts, bills, deeds, evidence of debt, currency, letters of credit, passports, airline or other tickets, securities, bullion, precious stones, stamp, coin collections or items not considered ordinary household goods. Employees should make special arrangements for these items. Employees should also consult their personal insurance policy representative for an explanation of coverage for items in transit, as well as coverage for vacant property at the former and/or new locations, if applicable.



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As indicated above, MTS pays for movement of ordinary household goods. The following expenses and services are examples of items not covered:

- Shipment of hazardous materials such as explosives, chemicals, flammable materials, firearms, garden chemicals.
- Shipment of firewood, lumber or other building materials.
- Shipment of pets or livestock.
- Valuables such as art work, jewelry, currency, dissertations or publishable papers, and other collectibles or items of extraordinary value or weight.
- Shipments of plants, food, wine collections or other perishables.
- Removal or disassembling or installation of carpeting, drapery rods, storage sheds or other permanent fixtures.
- Shipment of snowmobiles, boats over 14 feet, recreational or collector vehicles, and unusually heavy or cumbersome hobby materials.
- Satellite dishes.

Other expenses not covered:

- Overtime charges (weekend and evening hours)
- Extra pick-ups or deliveries
- Waiting time
- Maid service
- Storage of vehicles
- Animal boarding

Note: This list is not all-inclusive. All questions should be discussed with the third-party carrier.

5.2 Lump Sum

MTS may pay one lump-sum payment to the employee to cover various expenses associated with their relocation. This lump-sum is to be used at the employee's discretion, and the employee is not required to submit supporting receipts and/or documentation. Lump-sum payments are taxable income to the employees, and as such are subject to applicable withholding at the time of payment.

These lump-sum amounts are determined by the hiring/transferring manager, in consultation with Human Resources, within guidelines established for each Tier. Some factors the managers will consider in determining the amount include homeowner versus renter status, house hunting trips, miscellaneous expenses associated with moving, and travel/transfer to the new location.

5.3 Temporary Housing

MTS will provide temporary housing for up to 30 days, at a location chosen by MTS. Where available, this will be provided through one of our company-leased apartments. MTS will not reimburse the employee for meal expenses incurred during that period. Temporary housing expenses are taxable and will be reported as income on the employee's W-2.

5.4 Mortgage Interest Assistance

Should a situation arise where the employee requires an equity advance/bridge loan from their current home in order to make a down payment on their new residence, employee should seek bank credit. MTS will reimburse the employee for the interest charges on the loan/advance for up to 6 months. These expenses are taxable and will be reported as income on the employee's W-2.



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6.0 PAYMENT AND REIMBURSEMENT CONDITIONS

Under very limited circumstances, the employee may need to submit select relocation expenses for reimbursement. Expenses reimbursed under this procedure are to be reported on Business Expense Allowance and Reimbursement, using MTS Expense Report Form. The expense report with receipts or other acceptable supporting documentation must be submitted to the Human Resources Department for approval. The per diem allowance in Procedure #44 does not apply to this policy, as these types of expenses are included in the Lump Sum payment.

Notwithstanding anything herein to the contrary, the payments under this procedure are intended to comply with the requirements applicable to reimbursement arrangements under Code §409A and regulations promulgated thereunder. To this end, any payment or reimbursement required under this procedure shall be subject to the following conditions: (a) payment shall be made no later than the end of the calendar year following the calendar year the expenses were incurred; (b) the amount of such expenses the Corporation is obligated to pay in any given calendar year shall not affect the expenses the Corporation is obligated to pay in any other calendar year; and (c) the recipient's right to have the Corporation pay such expenses may not be liquidated or exchanged for any other benefit.

7.0 APPROVALS

All relocations require the approval of the cognizant Vice President. The Relocation Authorization Form must be completed on a timely basis and submitted to Human Resources with a copy to the Tax Department.

8.0 EMPLOYEE RESIGNATION:

In the event of resignation by the employee, reimbursement or payment of expenses under this Procedure will cease as of the effective date of resignation.

Supporting Policies/Procedures

POL 47 Relocation Assistance
PRO 108 Expatriate Relocation Procedure