Your Enhanced
SICK LEAVE PROGRAM
This brochure applies to
Northern California employees represented by:

- California Nurses Association
As a result of contract negotiations between Kaiser Permanente and the California Nurses Association, we are pleased to announce the implementation of several enhancements to your Sick Leave program. The goal for these enhancements is to balance your work and life responsibilities by giving you more flexibility in the way you use your sick time. In addition, these new provisions will provide you with more options in managing your hours while enhancing the quality and continuity of care provided to our patients.

This brochure explains the changes and enhancements to your paid time off in detail and is intended as a Summary of Material Modification to your Summary Plan Description (SPD). Please keep this brochure for future reference.

Who is Eligible

If you are an active employee represented by the California Nurses Association regularly scheduled to work 20 or more hours per week in a benefit-eligible status, you are eligible for the sick leave enhancements.

New Sick Leave Accounts

Effective December 21, 2008, you will have two sick leave accounts: an Annual Sick Leave, which contains your current year sick leave accrual, and a Banked Sick Leave, which contains a pre-2007 account for any unused sick leave hours you had prior to 2007, and a post-2006 account for any unused hours rolled over at the end of 2007 and years thereafter. You may use your Banked Sick Leave when you are ill or injured after you exhaust your Annual Sick Leave. You may also use your Banked Sick Leave, without exhausting your Annual Sick Leave first, when you are hospitalized or for statutory leaves such as Family and Medical Leave. Both Annual Sick Leave and Banked Sick Leave may be used to care for an ill family member under Kin Care leave in accordance with the California Employment Sick Leave Act (CESLA)—see page 2 for more information.

Pre-2007 Accrued Sick Leave Hours

Any unused hours you had in your sick leave account as of December 23, 2006 (the last day of the last pay period of 2006) will roll over to a “pre-2007” account under your Banked Sick Leave; these hours will be displayed on your pay statement as “BKS PRE.” You must exhaust your pre-2007 Banked Sick Leave hours before you use your post-2006 hours.

What’s Inside

Page 2: Annual Sick Leave Accruals
Page 2: Annual Sick Leave Usage
Page 3: Annual Sick Leave Cash-Out Option
Page 4: Banked Sick Leave Payout at Retirement
Page 5: Banked Sick Leave at Termination
Page 6: Questions You May Have
SICK LEAVE PROGRAM

Post-2006 Banked Sick Leave Hours
Beginning in December 21, 2008, a “post-2006” account will be established under your Banked Sick Leave to hold all of the unused Annual Sick Leave hours that are rolled over in 2007 and in future years. These hours will be displayed on your pay statement as “BKS POST.”

Annual Sick Leave Accruals
Effective December 21, 2008, you will accrue your Annual Sick Leave hours on a bi-weekly basis instead of on a monthly basis. You start accruing Annual Sick Leave on your date of hire. The hours you accrue are available for use after 90 days of continuous service.

- If you are a full-time employee regularly scheduled to work 40 hours per week, your Annual Sick Leave accruals are as follows:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Days per Year</th>
<th>Hours per Pay Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to four years</td>
<td>12 days</td>
<td>3.70 hours</td>
</tr>
<tr>
<td>After four years</td>
<td>15 days</td>
<td>4.62 hours</td>
</tr>
</tbody>
</table>

- If you are a part-time employee regularly scheduled to work less than 40 hours per week, your Annual Sick Leave accrual will be prorated based on your scheduled hours. Adjustments based on actual hours worked will be made on a bi-weekly basis. This is to ensure that if you work more than your original regularly scheduled hours during the preceding pay period, you are credited with the appropriate additional sick leave hours. Your Annual Sick Leave hours will not be reduced if you work less than your regularly scheduled hours.

Annual Sick Leave Usage
You may use your Annual Sick Leave for your own illness or injury or for a medical appointment. Your current Collective Bargaining Agreement provisions and any department policies and procedures for requesting/notifying your manager/supervisor of your appointments continue to apply.

You may also use a portion of your Annual Sick Leave to care for an eligible ill family member under the protection of Kin Care leave as explained below. The number of protected sick leave hours you may use per year under Kin Care leave is based on your years of service as indicated in the below table (prorated for part-time employees):

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Hours per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to four years</td>
<td>48</td>
</tr>
<tr>
<td>After four years</td>
<td>60</td>
</tr>
</tbody>
</table>

Kin Care Leave
Each year, you may use a portion of your sick leave to care for an eligible ill family member in accordance with CESLA. You must use your Banked Sick Leave pre-2007 hours first before using your post-2006 hours. If you do not have enough hours in your Banked Sick Leave, you may use your Annual Sick Leave or a combination of both your Banked Sick Leave and Annual Sick Leave.
Annual Sick Leave Cash-Out Option

At the end of each payroll year, if you have any unused Annual Sick Leave hours, you may choose to cash out a portion of these hours at 50% of value, roll them over to your Banked Sick Leave post-2006 account at 100% of value, or choose a combination of both options, provided you meet the eligibility requirements explained below.

If you have unused Annual Sick Leave hours at the end of the year, you will have the following options:

• If you are a full-time employee regularly scheduled to work 40 hours per week, you may cash out up to 80 hours of your unused Annual Sick Leave at 50% of value, provided you have at least 80 hours in your combined Banked Sick Leave pre-2007 and post-2006 accounts.

• If you are a part-time employee regularly scheduled to work less than 40 hours per week, the number of hours you may cash out and the number of hours of Banked Sick Leave you need to meet the threshold are prorated based on your regularly scheduled hours. For example, if you are a part-time employee regularly scheduled to work 20 hours per week, you may cash out up to 40 hours (80 hours times one-half of a full-time schedule) of your unused Annual Sick Leave at 50% value, provided you have at least 40 hours in your Banked Sick Leave account.

• You may choose to roll over your unused Annual Sick Leave hours to your post-2006 Banked Sick Leave account at 100% of value.

At the beginning of each year, you will receive personalized communications informing you of the number of hours you have in your sick leave accounts, your eligibility to cash out hours, your options, and how to make an election to cash out those hours. If you do not make an election, all unused Annual Sick Leave hours will be automatically rolled over into your post-2006 Banked Sick Leave account at 100% of value.

Below are a few examples explaining how these options work. These examples are for a full-time employee working 40 hours per week:

Example 1

At the end of the year, you have 40 unused Annual Sick Leave hours and another 80 hours of Banked Sick Leave.

In this case, you will have the option to cash out up to 40 hours of your unused Annual Sick Leave at 50% of value; roll over the 40 hours to your Banked Sick Leave at 100% of value; or choose a combination of both options by cashing out some hours at 50% of value and rolling over the remaining hours to your Banked Sick Leave at 100% of value.

Example 2

At the end of the year, you have 40 unused Annual Sick Leave hours, but you have 0 hours of Banked Sick Leave.

In this case, you will have the option to cash out up to 40 hours of your unused Annual Sick Leave at 50% of value; roll over the 40 hours to your Banked Sick Leave at 100% of value; or choose a combination of both options by cashing out some hours at 50% of value and rolling over the remaining hours to your Banked Sick Leave at 100% of value.

Example 3

At the end of the year, you have 60 unused Annual Sick Leave hours. You have 30 hours of Banked Sick Leave.

In this case, 50 unused hours will be automatically rolled over from your Annual Sick Leave to your Banked Sick Leave at 100% of value to increase your total to 80 hours. Once the 80-hour threshold is met, you will then have the option to cash out the remaining 10 hours at 50% of value, or roll those hours over to your Banked Sick Leave at 100% of value.
Example 4
At the end of the year, as a full-time employee with four or more years of service, you have 120 hours of unused Annual Sick Leave. In addition, you have 80 hours of Banked Sick Leave.

Because you cannot cash out more than 80 hours of Annual Sick Leave, 40 Annual Sick Leave hours will be automatically rolled over to your Banked Sick Leave at 100% of value. You will then have the choice to cash out all or a portion of the remaining 80 hours of unused Annual Sick Leave at 50% of value.

Note: If you do not make an election during the Annual Sick Leave Cash-Out election period, all unused Annual Sick Leave hours will be automatically rolled over to your Banked Sick Leave at 100% of value.

Banked Sick Leave at Termination (prior to becoming retirement eligible)
If you terminate your employment with Kaiser Permanente after you become vested in the pension plan (i.e., you have five or more years of service at the time you leave Kaiser Permanente), but before you meet retirement eligibility, your Banked Sick Leave hours—regardless of when you earned them—will be recognized as Credited Service for pension plan benefit calculation purposes, provided you have at least 250 hours in your Banked Sick Leave account at the time you terminate. There will be no cash-out option.

Banked Sick Leave Payout at Retirement
Effective December 31, 2007, if you retire from Kaiser Permanente in accordance with the terms and conditions of a qualified Kaiser Permanente-sponsored Defined Benefit pension plan, or if you terminate employment after meeting retirement eligibility, all of your unused Banked Sick Leave hours accrued prior to the last day of the 2006 payroll year, which was December 23, 2006, will be recognized as Credited Service for pension plan benefit calculation purposes. All of your unused Banked Sick Leave hours accrued after December 23, 2006 (i.e., the beginning of the 2007 payroll calendar) and thereafter will be converted at 50% of value to vacation hours and paid out to you.

Note: The amount or percentage of Banked Sick Leave accrued after December 23, 2006 which will be counted as Credited Service is still being clarified. You will be notified when this information is available.
Questions You May Have

Sick Leave Accounts

Q1. What is the difference between the two sick leave accounts (i.e., Annual versus Banked Sick Leave)?

A1. Your Annual Sick Leave account holds your current year’s sick leave hours, which you will accrue bi-weekly. The Banked Sick Leave is made up of two accounts: a pre-2007 account that will hold unused sick leave hours accumulated prior to 2007; and a post-2006 account for any unused Annual Sick Leave hours that are rolled over at the end of each year and are potentially eligible for cash-out at retirement.

Q2. When may I use my Annual Sick Leave hours?

A2. You may use your Annual Sick Leave when you are ill or injured, as soon as it is credited to your account. Also, if you need to care for an eligible sick family member, you may use up to one-half of the number of hours you receive as Annual Sick Leave each year, in accordance with Kin Care leave. However, hours used under Kin Care leave will first be taken from your Banked Sick Leave account. The combined amount of time you may use under Kin Care leave from your Banked Sick Leave and your Annual Sick Leave accounts cannot exceed one-half of your Annual Sick Leave allotment per year (see page 2 for details).

Q3. When may I use my Banked Sick Leave hours?

A3. You may use Banked Sick Leave if you are ill or injured after you exhaust your Annual Sick Leave hours. You may also use Banked Sick Leave right away for statutory leaves such as Medical Leave for your own illness, Worker’s Compensation, etc., or if you are hospitalized, without exhausting your Annual Sick Leave.

If you need to care for an eligible sick family member, under Kin Care leave, you may also use a portion of your sick leave hours (see page 3 for details). You will first use any hours you have in your Banked Sick Leave prior to using any hours in your Annual Sick Leave.

Please note that in all cases, you will use your pre-2007 hours before using the post-2006 hours in your Banked Sick Leave.

Q4. What will happen to the Sick Leave hours I accrued prior to 2007?

A4. The unused hours you have accrued prior to the first pay period of 2007 will be rolled over to your new Banked Sick Leave in a pre-2007 account displayed as “BKS PRE” on your pay statement. Any hours remaining in this bank at the time you retire may be eligible for retirement service credit, but are not eligible for cash-out.

Q5. How many hours of sick leave will I receive each year?

A5. The number of sick leave hours you accrue are based on your years of service (see page 2 for details). If you are a part-time employee regularly scheduled to work less than 40 hours per week, you will receive a prorated amount based on your regularly scheduled hours.

Q6. Will I continue to be able to use my sick leave hours to care for a family member?

A6. You will be able to use up to one-half of the amount of your Annual Sick Leave accrual to care for an ill family member under Kin Care leave. If you do not have enough hours in your Banked Sick Leave account, you may use your Annual Sick Leave hours or a combination of both not to exceed one-half of your Annual Sick Leave accrual (pro-rated for part-time employees). Remember, you must inform your manager or supervisor when you need to use time off under Kin Care leave (see page 2 for details).
Q7. If I take sick leave in the last week of the year, from which sick leave account will those hours be taken?

A7. Due to the bi-weekly payroll schedule, the first pay period of each payroll calendar year usually starts in December of the previous year. Any days taken on or after the first day of the first pay period of the new year are counted against your Annual Sick Leave accrual of that new year. For example, the first pay period for 2009 starts on December 21, 2008. Therefore, if you take any sick leave on or after December 21, 2008, your hours will be taken out of your 2009 Annual Sick Leave.

Q8. I am scheduled to work a 10-hour day. If I need to take a sick day, will I be paid for 10 hours for the day?

A8. Yes. If you have enough hours in your Annual Sick Leave account, you will receive 10 hours for the day. However, please be aware that your Annual Sick Leave accrual is based on the number of hours you are regularly scheduled to work per week, not on the length of your daily shift.

Q9. Will my Banked Sick Leave hours count toward my credited service when I retire?

A9. When you retire under the eligibility provisions of a Kaiser Permanente Retirement Plan, all of your pre-2007 Banked Sick Leave hours will be recognized as credited service for pension calculation purposes. Your post-2006 Banked Sick Leave hours will be converted at 50% of value to vacation hours and paid out at 50% of value. The amount or percentage of post-2006 Banked Sick Leave which will be counted as Credited Service is still being clarified. You will be notified when this information is available.

Q10. May I take less than a whole day as sick leave?

A10. Yes. You may take sick leave based on your need. However, remember that you must notify your Supervisor or Manager ahead of time if your sick leave is for anticipated occurrences such as a doctor’s appointment, so they have time to make arrangements for coverage, as necessary.

Q11. May I convert my sick leave hours to vacation and cash them out under the In-Service Cash-Out program during open enrollment?

A11. No. You cannot cash out sick leave hours as part of the In-Service Cash-Out program.

Q12. May I request a financial hardship withdrawal from my sick leave accounts?

A12. No. Neither Annual Sick Leave nor Banked Sick Leave hours are eligible for financial hardship withdrawals.

Q13. May I cash out any hours I have in my Banked Sick Leave at the end of each year?

A13. No. You cannot cash out any Banked Sick Leave hours until you retire.

Q14. How many Annual Sick Leave hours may I elect to cash out each year?

A14. If you are a full-time employee working 40 hours a week, you have the option to cash out a maximum of 80 hours of Annual Sick Leave provided you have 80 hours in your Banked Sick Leave. If you are on a part-time schedule, the number of hours you may cash out and the number of hours you need in Banked Sick Leave are prorated based on your scheduled hours. See pages 3-4 for detailed examples of how your sick leave cash-out option works.
Q15. Do I have other options with my unused Annual Sick Leave hours other than cashing them out?

A15. Yes. You have the option of rolling over any unused Annual Sick Leave hours to your Banked Sick Leave at 100% of value.

Q16. When does the cash-out occur?

A16. In the first week or two of January each year, you will receive a personalized statement of your previous year’s hours. You will then have at least two weeks to make a cash-out election, if you’re eligible. The actual payout of hour will occur in late March or early April, depending upon the payroll calendar for that year.

Q17. What happens to my sick leave hours when I retire from Kaiser Permanente?

A17. If you’re eligible for retirement under the provisions of a Kaiser Permanente-sponsored pension plan, all Banked Sick Leave hours accrued prior to 2007 will count as credited service. Banked Sick Leave hours accrued in 2007 and beyond will be converted at 50% of value to vacation hours, and those hours will be cashed out. In addition, the amount or percentage of post-2006 Banked Sick Leave which will be used for Credited Service is still being clarified. You will be notified when this information is available.

Q18. What happens to my sick leave hours when I terminate employment with Kaiser Permanente before I’m eligible to retire?

A18. If you terminate after you are vested but before you reach retirement eligibility, there will be no cash out of Banked Sick Leave, but all of your unused Banked Sick Leave hours will count as Credited Service.

Q19. What will happen to my unused Annual Sick Leave hours and my accumulated Banked Sick Leave hours if I change to a non-benefited status (i.e., from full-time to on-call)?

A19. If you have a change in your employment status and are no longer eligible to participate in the Sick Leave program, your unused Annual Sick Leave hours, along with Banked Sick Leave hours, will be frozen. You will neither accrue nor be able to use any paid time off. If later you change back to benefited status, those frozen hours will be made available to you and you will start accruing Annual Sick Leave hours from the time of your new eligibility date to the end of the payroll calendar year.

Time-Off, Vacation and Holidays

Q20. Are there any changes to my Designated Holidays?

A20. No. You continue to have the same number of designated holidays as before.

Q21. Are my vacation hours affected in any way?

A21. No. You will continue to accrue your vacation as per the provisions of your local Collective Bargaining Agreement.
Other Information

Q22. Will I be able to see all my account balances on my paycheck stub (i.e., Annual Sick Leave, Banked Sick Leave)?

A22. Yes. The following changes will be in place as of your December 21, 2008 pay statement:
- Banked Sick Leave-Pre 2007 hours – displayed as “BKS PRE”
- Banked Sick Leave-Post 2006 hours – displayed as “BKS POST”
- Annual Sick Leave – displayed as “SICK/ESL BALANCE”

Q23. What is the process to request time off?

A23. Any process you have in place to request time off in your department continues to apply. You may refer to your Collective Bargaining Agreement for more information.

Q24. Whom do I call if I have more questions on these enhancements and changes to my time off?

A24. If your question is not addressed here, sign on to the My HR Web site at http://insidekp.kp.org/myhr or contact the Human Resources Service Center at 1-877-4KP-HRSC (1-877-457-4772).