

Marathon Oil
Regular Part-Time Employment
Current as of January 1, 2013

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Regular Part-time employment is available for non-supervisory employees, with modified benefits treatment. It provides flexibility to qualified employees during critical periods in their careers. The availability of Regular Part-time employment is also part of the company's commitment to diversity and family issues.

Part-time work is also a means of extending labor force participation for critically skilled retirement eligible employees. In a few cases, it may be advantageous to permit retirement eligible employees the opportunity to "phase" into retirement by working a Regular Part-time job.

This policy describes the process for approval and benefits and employment treatment for Regular Part-time employees.

I. Eligibility

Regular Part-time work arrangements must be approved by the immediate supervisor working in conjunction with Human Resources. The approval of any Regular Part-time work arrangement is fully and completely at management's discretion for non-supervisory employees and is for non-supervisory employees only. A Position/Pay Change form granting approval signed by the immediate supervisor and the Human Resources Manager needs to be submitted, in addition to a completed Employee Schedule Form.

The continuation of each Regular Part-time arrangement established is subject to periodic review. The decision whether to make Regular Part-time work available is based on criteria including:

- business needs
- the qualifications of the individual in question
- the nature of the individual's skills
- the suitability of the position for Regular Part-time work (including weekly schedules of less than 35 hours per week with a minimum of 20 hours per week)
- the duration of the anticipated need for Regular Part-time work
- the prospects for long-term employment

The hiring of new employees directly into established Regular Part-time arrangements based on business needs may also be approved.

II. Employment Status

Twenty (20) hours per week is the required minimum for Regular Part-time employment. The maximum hours can be set at any hours less than 35 hours per week.

There are two Regular employee type classifications:

Regular Full-time employees are those employees who are employed to work on a **full-time basis** (normal work schedule of at least 40 hours per week) and not on a time, special job completion, or call-when-needed basis.

Regular Part-time employees are those non-supervisory employees who are employed to work on a **part-time basis** (minimum 20 hours but less than 35 hours per week) and not on a time, special job completion, or call-when-needed basis.

Casual employees are employed to work on a time, special job completion or call-when-needed basis. Regular Part-time employment does not alter the definition, employment or benefits treatment for Casual employees.

III. Approval For Regular Part-Time Schedules

All Regular Part-time employees work set schedules approved by their immediate supervisor and Human Resources which consist of the same set days and hours each week. Changes to their established set daily and/or weekly schedules are expected to be infrequent, and require re-approval by the immediate supervisor and Human Resources through submission of a Position/Pay Change form and another Employee Schedule Form. Any changes must be effective at the beginning of a bi-weekly payroll pay period.

IV. Compensation

All Regular Part-time employees are considered non-exempt employees for pay purposes. Regular Part-time employees are required to be **regularly** scheduled for less than 35 hours a week of work (including paid holidays, vacation, sick or permissible absences with pay). Regular Part-time employees receive their Regular Part-time hourly rate for all hours worked in excess of their regular daily schedule but their total **regularly** scheduled hours must total less than 35 hours a week. While there may be a rare occasion in which the employee would exceed 40 hours in a work-week, the employee will be compensated **in accordance with applicable wage and hour laws concerning overtime**. Regular Part-time employees are eligible for annual merit consideration in the same manner as Regular Full-time employees.

Regular Part-time compensation is included for purposes of calculating Annual Cash Bonus Plan payouts.

V. General Benefits Treatment

Regular Part-time employees are eligible for the same benefits, policies and procedures as Regular Full-time employees, with some modifications as described below.

Service and benefit related items apply to Regular Part-time employees in the same manner as any Regular Full-time employee, with any pay-related benefits reflecting a reduction in compensation.

VI. Vacation and Sick Pay Benefits

For purposes of vacation and sick pay benefits, a Regular Part-time employee is eligible for a maximum total number of hours each year based on their Regular Part-time schedule.

For example, a Regular Part-time employee working a 20 hour per week schedule with 10 years' service will be eligible for a total of 80 hours of vacation:

$$(*4 \text{ weeks} \times 40 \text{ hours}) \times \frac{20 \text{ hours per week schedule}}{40 \text{ hour full-time schedule}} = 80 \text{ hours of vacation};$$

and 280 hours of sick time at full pay:

$$(*14 \text{ weeks} \times 40 \text{ hours}) \times \frac{20 \text{ hours per week schedule}}{40 \text{ hour full-time schedule}} = 280 \text{ hours full sick pay};$$

and 240 hours of sick pay at 60% pay:

$$(*12 \text{ weeks} \times 40 \text{ hours}) \times \frac{20 \text{ hours per week schedule}}{40 \text{ hour full-time schedule}} = 240 \text{ hours of 60\% sick pay}.$$

* Eligibility for stated weeks of vacation and sick pay benefits based on 10 years' Company service

These hours of vacation and sick pay benefits will be deducted based on the employee's daily schedule. In other words, if the employee is sick or takes vacation on a day that they are scheduled for 8 hours, then 8 hours will be deducted from their allowable time off. If the employee is sick or takes vacation on a day that they are scheduled for 6 hours, then six hours will be deducted from their allowable time off, and so on.

VII. Holidays

Regular Part-time employees are eligible for all holidays (including one floating day off). Holiday pay (including pay for the floating day off) will be based on the daily average of their weekly schedule. Holiday pay is rounded up to the next full hour. For example, an employee would be eligible for 5 hours' pay for each holiday if they were scheduled for 22 hours per week (22 hours per week/5 workdays = 4.4, rounded up to 5 hours holiday pay). All hours regularly scheduled (including holiday hours) must total less than 35 hours for any given week.

VIII. Change of Status

Vacation, Holiday, and Sick Benefits present an issue in the calendar year of the change in schedule. Such a change in work schedule after an employee's first scheduled workday of a calendar year effectively changes the number of hours payable under the Holiday and Sick Benefit Plan. The same applies for Permissible Absences with Pay, the Termination Allowance Plan or any benefit policy or procedure based on compensation. When changing between (to or from) Regular Full-time and Regular Part-time, Sick and Holiday benefits (in terms of number of days) remain constant for each calendar year. The value for any remaining days will change based on the change in schedule.

For example, an employee with three weeks sick pay benefits (15 days) in a given year, who as of November 1 of that year when they switched to a Regular Part-time schedule of 20 hours per week, has five (5) days of unused sick pay benefits would have the five remaining days revalued reflective of the reduced schedule. In the above example, the five days would translate into a total of 20 hours.

$$(5 \text{ days} \times 8 \text{ hours}) \times \frac{20 \text{ hours per week schedule}}{40 \text{ hour full-time schedule}} = 20 \text{ hours sick pay benefits}$$

Vested vacation benefits, however, are not adjusted in the calendar year of the change in schedule. If the employee has 5 remaining days at 8 hours per day, they would still be eligible for 40 hours of vacation. This treatment of vested vacation also applies in the calendar year of the change in schedule from Regular Part-time to Regular Full-time. If in the above example, the employee has 5 days remaining at 4 hours per day (based on their Regular Part-time schedule), they will be eligible for 20 hours of vacation (5 days at 4 hours per day) in the calendar year of the change from Regular Part-time to Regular Full-time.

IX. Retirement Plan

Effective January 1, 2010, the employee's retirement benefit is the sum of the employee's cash balance account based benefit plus the employee's legacy final average pay benefit (if applicable). The cash balance benefit is based on a percentage of the employee's eligible pay that is contributed by the Company. The final average pay benefit takes into account the employee's eligible participation service through December 31, 2009, the employee's highest 36-month average pay over the final 10 years of the employee's Marathon career, the employee's estimated Social Security benefit and the employee's age at retirement. An employee who switches from Regular Full-time to Regular Part-time employment status may, beginning after a seven year period, experience a reduction in their final average pay benefit resulting from a reduction in their final average pay. However, retirement benefits will be protected as required by law.

X. Health/Dental

The Company contribution for health and dental for employees who are not eligible for retirement at the time they become Regular Part-time employees is equal to 50% of the Company contribution amount for Regular Full-time employees. For employees eligible for retirement at the time they switch to Regular Part-time employment, they continue eligibility for 100% of the Company contribution amount.

Upon retirement of a Regular Full-time employee or a Regular Part-time employee, if that employee worked more than 50% of their total service (not including periods of employment as a Casual employee) on a Regular Part-time schedule, the Company contribution for eligible coverage under the Health Plan (including the Medicare Supplement Plan) is 50% of the Company contribution for a Regular Full-time employee made subject to the provisions for determining Company contributions for Retiree Health coverage.

Upon the death of a Regular Part-time or a Regular Full-time employee, if that employee worked more than 50% of their total service (not including periods of employment as a Casual employee) on a Regular Part-time schedule, the Company contribution for eligible Survivor Member coverage under the Health Plan (including the Medicare Supplement Plan) and Dental Plans will be 50% of the Company contributions for eligible Survivor Member coverage for a Regular Full-time employee.

The service of current Regular employees (not including periods of employment as a Casual employee) performed prior to November 1, 1999 is deemed to be Regular Full-time employee service for purposes of the total service rule described above.

XI. Level Premium Life Insurance Plan

In the few cases where a retirement eligible employee, who is a member of the frozen Level Premium Life Insurance Plan (closed to new participants 6/1/94), has the opportunity to switch to Regular Part-time employment and “phase” into retirement, such Regular Part-time employee may continue their same coverage and cost at the time they switch to Regular Part-time status. This will preserve their coverage under the plan as a retiree when they actually retire.

XII. Performance Management

Regular Part-time employees participate in annual performance reviews in the same manner as Regular Full-time employees.

XIII. Approval Forms & Checklist

As stated earlier, the Position/ Pay Change form is utilized for immediate supervisor and Human Resources Manager approval of a Regular Part-time arrangement. The Schedule and Checklist for establishing and revising approved Regular Part-time schedule arrangements are also located on the Portal.

XIV. Sample Employee Letter

The sample letter to employees switching to Regular Part-time employment status outlining the provisions of the arrangements and the compensation/benefits implications is stored on the Portal.

XV. Questions & Answers

Below are some questions and answers regarding Regular Part-time employment.

Q. How does an employee start the process for moving to Regular Part-time status?

A. The employee should initiate a discussion with their supervisor regarding Regular Part-time status. That discussion should include how the potential switch impacts the business needs of the department/organization, the supervisor’s position on the practical availability of Regular Part-time status in their work unit, and the compensation/benefit ramifications of switching to Regular Part-time. Emphasis should be placed on the importance of these arrangements as a win/win result for both the employee and the company.

Approval of Regular Part-time work arrangements is at the discretion of the supervisor working in conjunction with Human Resources.

Q. How often and for what reasons can a Regular Part-time employee change their approved part-time schedule?

A. The expectation is that approved part-time schedules will be changed on an infrequent basis, with the business needs of the company as a major consideration. Regular Part-time employees are expected to work a set schedule consisting of the same set hours and days each week. Any revision of an approved part-time schedule requires re-approval by the supervisor in conjunction with Human Resources through submission of a Position/Pay change form. Any schedule change must be effective at the beginning of a bi-weekly pay period and must be communicated to Payroll by completing a revised Regular Part-time Employee Schedule Form.

Q. Can a Regular Part-time employee also flex?

A. Yes, the availability of a Regular Part-time work arrangement and flextime are not mutually exclusive. Again, the decision made is at the discretion of the supervisor in conjunction with HR. Priority should be given to getting the work done and meeting customers' expectations for service including staff accessibility on customers' schedule.

Q. Does an employee changing to (or hiring on as) Regular Part-time have a guaranteed entitlement to convert to Regular Full-time status in the future?

A. No provisions have been made for specific entitlements. Any conversion to Regular Full-time (or for that matter to Regular Part-time) will depend on the employment needs of the company at the time the request is made. There is no guarantee requests for conversions between the Regular Part-time and Regular Full-time statuses can be accommodated in all instances.

Q. How will a Regular Part-time employee accrue service? Will they be eligible for the same service award program?

A. Regular Part-time employees will accrue service in the same manner as Regular Full-time employees and are eligible for the same service award program.

Q. How will service prior to going to Regular Part-time be credited?

A. The service of current Regular employees (not including periods of employment as a Casual employee) performed prior to November 1, 1999 will be deemed to be Regular Full-time employee service.

Q. Simply stated, from a benefits and employment practices standpoint, what are the significant differences between a Regular Full-time and a Regular Part-time employee?

A. Regular Part-time employees are eligible for the same benefits, policies and procedures as Regular Full-time employees. From a benefits standpoint, the most significant difference is the 50% proration of the company contribution for Health and Dental. Service and other benefit related items are applied to Regular Part-time employees in the same manner as any Regular full-time employee, with any pay related benefits reflecting a reduction in compensation. For vacation, holiday and sick pay benefits, Regular Part-time employees are eligible for the same number of days, but a reduced total number of hours based on their reduced schedule. Please see the Vacation and Sick Pay Benefits, Holidays and Change of Status sections for examples.

Q. What about an employee who is concerned if they go to Regular Part-time status they may be viewed by management as not career oriented or as a team player?

A. The existence of a formal employment category, combined with some level of benefits coverage, is intended to communicate to organizations that part-time work arrangements are an acceptable and legitimate means to accomplish work while maintaining the long term employment of qualified employees.

Q. What about my retirement benefit perhaps being impacted if I work Regular Part-time for 7 years or more? What does that mean?

A. Because retirement benefits are calculated on your Final Average Pay which means the highest total gross pay for any consecutive 36-month period during your final 10 years of employment, that benefit could potentially be impacted by your lowered compensation in the final three years of your Regular Part-time employment should an employee work a Regular Part-time schedule for seven or more years. It should be pointed out this would be a very infrequent occurrence and that vested retirement benefits will be protected as required under the law.

Q. How long are employees expected to stay on the Regular Part-time status? Are there mandated minimum/maximum durations?

A. While there are no set maximum or minimum durations, changes between statuses are expected to be infrequent and based on legitimate business needs. Employees and supervisors should consider the issues involved in changes in employment statuses, and that these arrangements are intended to be to the mutual benefit of employees and the company.

Q. Is this status intended to accommodate employees' life cycles? In other words, is it possible for an employee to move into and out of the status throughout their career as they start families, need to care for aging parents, begin to ease into retirement?

A. It is impossible to predict how available Regular Part-time status will be in the future. It is aimed at increasing retention of key, qualified employees during critical periods in their careers, and as a recruiting tool for individuals interested in careers with employers concerned with diversity and family issues.

Q. How will a change to Regular Part-time affect an employee's merit consideration date?

A. The employee's merit consideration date is not affected by an employment status change.