

2008 REOPENER BARGAINING

MEMORANDUM OF AGREEMENT BETWEEN KAISER PERMANENTE AND THE COALITION OF KAISER PERMANENTE UNIONS

September 12, 2008

In 2005, Kaiser Permanente (hereinafter the “Employer”) and the Coalition of Kaiser Permanente Unions (hereinafter the “Coalition”) bargained a new National Agreement. That National Agreement provided either party the opportunity to reopen the Agreement with respect to wages and retiree medical benefits only (“Reopener Subjects”) in the third year of the Agreement.

This Memorandum of Agreement presents the new terms and conditions of the Reopener Subjects reached by the parties September 12, 2008 pursuant to National Agreement Section 3.D Duration, Renewal and Reopening. The specific Reopener Subjects terms agreed to are as follows:

I. Across – The – Board (ATB) Wage Increases

Wages for all non-RN Partnership employees in California, Colorado & Northwest shall be improved as follows:

- 3% ATB effective on the first day of the pay period closest to October 1, 2008
- 3% ATB effective on the first day of the pay period closest to October 1, 2009
- 2% ATB effective on the first day of the pay period closest to April 1, 2010

Wages for all non-RN Partnership employees in Georgia, Mid-Atlantic States & Ohio shall be improved as follows:

- 3% ATB effective on the first day of the pay period closest to October 1, 2008
- 3% ATB effective on the first day of the pay period closest to October 1, 2009
- 1% ATB effective on the first day of the pay period closest to April 1, 2010

Texas Region employees shall receive a 3% ATB effective on the first day of the pay period closest to October 1, 2008

II. Registered Nurse (RN) ATB Increases*

Wages for all RN Partnership employees in California, Colorado & Northwest shall be improved as follows:

- 4% ATB effective on the first day of the pay period closest to October 1, 2008
- 4% ATB effective on the first day of the pay period closest to October 1, 2009
- 2% ATB effective on the first day of the pay period closest to April 1, 2010

Wages for all RN Partnership employees in Georgia, Mid-Atlantic States & Ohio shall be improved as follows:

- 4% ATB effective on the first day of the pay period closest to October 1, 2008
- 4% ATB effective on the first day of the pay period closest to October 1, 2009
- 1% ATB effective on the first day of the pay period closest to April 1, 2010

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* The term RN means RN positions such as inpatient and outpatient RN (including Psychiatric RN), RNP, PA, CRNA, Nurse Midwife, Clinical Nurse Specialist or like positions jointly agreed to that are unique to the region.

III. Healthcare Reimbursement Account (HRA)

Effective January 1, 2010, the parties agreed to establish a Healthcare Reimbursement Account (HRA) for bargaining unit employees covered by the National Agreement. An HRA will be set up for eligible employees who become plan participants when they retire in accordance with the plan document. However, UFCW Pharmacy Clerks in Southern California covered under the UFCW Pharmacy Health & Welfare Trust ("Trust") are eligible for reimbursement of the following health care expenses incurred under any plan of benefits offered by the Trust.

The account may be used to reimburse participants for medical, dental, vision and hearing care expenses that qualify as Federal income tax deductions under Section 213 of the Internal Revenue Code. Eligible employees shall convert 80% of unused sick leave accrued during or after 2006 to fund the HRA. It is expressly understood and agreed that this conversion of sick leave will replace, effective January 1, 2010, the 50% cash out set forth under the retirement conversion provision of the National Agreement and that said Agreement shall be modified accordingly. (A plan outline is attached.)

The parties agree to eliminate the existing post-2005 sick leave conversion to pension service credit.

The parties agree to address all Paid Time Off (PTO) designs and Extended Sick Leave (ESL) conversion issues applicable to HRA funding prior to the implementation of the HRA effective January 1, 2010.

IV. Retiree Medical Benefit (RMB) for the Georgia and Mid-Atlantic States Regions & Colorado SEIU Local 105

Effective January 1, 2009, employees who are at least 55 years of age with at least fifteen (15) years of service who retire under the early, normal, or postponed provisions of the Kaiser Permanente pension plan shall receive Employer contributions to their respective defined contribution plans subject to the following limitations and provisions:

1. Normal and postponed retirees must have twenty five (25) years of service to receive the Employer contribution of \$185 per month for the retiree, his/her spouse and eligible dependents. Retirees are required to pay any difference over the \$185 per person, per month limit.
2. Employees with less than twenty five (25) years of service will have their contribution reduced by 4% each year under twenty five (25), with a minimum benefit of \$111 per person, per month.
3. Early retirees shall receive their Employer contribution when they become eligible for Medicare at age sixty five (65) for the retiree, his/her spouse and eligible dependents. Early retirees may continue basic medical coverage at their own expense until reaching age sixty five (65).
4. The existing plan in Colorado will continue and the medical coverage plan for Mid-Atlantic States and Georgia will be those individual KFHP plans or eligible COBRA plans that are available to the retiree in the region.

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