

December 4, 2008

Ms. Kathy Geroux
President
Oregon Federation of Nurses and Health Professionals
2045 S.E. Ankeny Street
Portland, Oregon 97214

Dear Ms. Geroux:

RE: LOU: Oregon Federation of Nurses and Health Professionals – Kaiser Foundation Health Plan Retirement Plan (“OFN Plan”)

The following is an agreement between Kaiser Foundation Hospitals (Hospitals), Kaiser Foundation Health Plan of the Northwest (Health Plan) and Oregon Federation of Nurses and Health Professionals, AFT Healthcare – Local 5017, AFL-CIO (Union) modifying collective bargaining agreements of the same parties with respect to Registered Nurses (October 1, 2005 – September 30, 2010), Registered Dental Hygienists (October 1, 2005 – October 15, 2011) and Technical Employees (October 1, 2005 – October 1, 2011).

Under the above-referenced collective bargaining agreements Hospitals and Health Plan are required to contribute to the OFNHP-KFHP Retirement Plan and Trust (the Plan). The parties have agreed that the Plan should be frozen and that future accrual of retirement benefits for eligible Plan members will be addressed by other means. The freeze and accrual of benefits will be in accordance with an Agreement and Memorandum of Action signed by the parties, copy of which is attached hereto for reference. This Letter of Understanding will take effect on the effective date of the Agreement and Memorandum of Action.

The parties agree to amend all portions having to do with the defined contribution pension plans in these three labor agreements between the parties:

- Oregon Federation of Nurses and Health Professionals, AFT Healthcare – Local 5017-AFL-CIO, Registered Dental Hygienists.
- Oregon Federation of Nurses and Health Professionals, AFT Healthcare – Local 5017-AFL-CIO, Registered Nurses.
- Oregon Federation of Nurses and Health Professionals, AFT Healthcare – Local 5017-AFL-CIO, Technical Employees.

The parties agree that effective January 1, 2009 the defined contribution pension will be as follows:

OFNHP RN: contribution rate of 1.5% of “compensation”

OFNHP RDH & Technical groups: contribution rate of 1.0% of “compensation”

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All past contributions will be frozen and administered by Kaiser Permanente consistent with the letter by Ms Ruth G. Johnson, Senior Manager of Benefits Documentation, Reporting, and Finance of Kaiser Permanente dated April 7, 2008 (see attachment) and the Agreement and Memorandum of Action – Freezing Retirement Plan and Trust.

All future contributions will be made to a tax sheltered annuity administered by Kaiser Permanente. The provisions of this TSA will include:

- 100% immediate vesting.
- A contribution basis based on all compensation to an employee except bonuses, incentive payments, special allowances, and benefit payments.
- Allocation will be a percentage of compensation consistent with the current labor agreements.
- Eligibility – immediate upon date of hire.

AGREED:

For the Employer:

Kevin B. Dull
Kevin B. Dull
Manager, Labor Relations

December 5, 2008
Date:

For the Union:

Kathy Geroux
Kathy Geroux
President
OFNHP

12/17/08
Date: