EXECUTIVE COMMITTEE CHARTER

A. Composition.

The Executive Committee (the “Committee”) shall consist of up to seven (7) Directors, who shall be selected by the Board of Directors (the “Board”), and who shall continue as members of the Committee at the pleasure of the Board. The Committee shall be comprised of one Director who shall serve as Chair, and in addition, only the chairs of the Board’s other standing committees. The Committee shall be comprised solely of Directors who are independent. An independent Director is one who:

1. Has no personal services contract or material relationship with Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals or any of their subsidiaries (a “Kaiser entity”) except for Board service;

2. Is not a partner, executive officer, principal shareholder or director of any entity that (a) has a contract to provide goods or services to a Kaiser entity, and (b) receives more than 1% of its gross revenues from one or more Kaiser entities;

3. Is not currently and has not been for the past three years employed by a Kaiser entity;

4. Has not during the last three years been part of an interlocking directorate in which an executive of a Kaiser entity served on the compensation committee of another company that concurrently employs the director;

5. Has not during the last one year been affiliated with or employed as a corporate officer, partner, or an audit related employee by a present or former auditor of any Kaiser entity;

6. Is not a “family member”, as defined in Section 4958(f)(4) of the Internal Revenue Code, of any person described above.¹

7. Is free of any other relationship which would interfere with the exercise of independent judgment.

Notwithstanding the above, the Directors who are independent, after consideration of all of the relevant circumstances, may determine whether a relationship is material or

¹ Section 4958(f)(4) of the Internal Revenue Code defines “family member” as a person’s spouse; brothers or sisters (by whole or half blood); spouses of brothers or sisters (by whole or half blood); ancestors; children (including a legally-adopted child); grandchildren; great grandchildren; and spouses of children, grandchildren, and great grandchildren.
immaterial and whether a Director would therefore be considered independent. The Board of Directors shall document the basis for such a determination.

B. Authority and Duties.

The Committee will assist the Board in fulfilling its oversight responsibility relating to (1) tax exemption, and (2) executive selection, performance appraisal, and succession. In addition, the Committee will have the authority to act for the Board between meetings as provided herein. The Committee may seek the assistance and counsel of outside advisors, at the company’s expense, as the Committee determines is appropriate.

1. Tax Exemption.

The Committee shall have the following responsibilities regarding tax exemption:

a. Provide oversight of legal and regulatory compliance with respect to tax exemption, including review of operational policies and practices.

b. Obtain periodic updates concerning laws, regulations, and government policies regarding tax exemption and tax-exempt status.

c. Review and make recommendations regarding major operational policies, practices and strategies that may create risk or enhance compliance with tax exemption requirements.

2. Executive Selection, Performance Appraisal, and Succession.

The Committee shall have the following responsibilities regarding executive selection, performance appraisal, and succession:

a. Review and recommend for Board approval goals and objectives for the Chief Executive Officer (“CEO”) and evaluate the CEO’s performance in light of such goals and objectives, including evaluation of the CEO’s oversight of pension plans;

b. Review with the CEO the selection, hiring and present performance of officers, executives, and other key personnel; and

c. Review management succession plans and processes for assuring development and timely assignment of individuals qualified to assume the responsibilities of key executive positions.
d. Provide input on the selection and evaluation of senior executives.

3. Acting for Board Between Meetings.

The Committee shall have authority to act for the Board between Board meetings. Unless otherwise provided by law, the Board, the Articles of Incorporation, or the Bylaws, any action taken by the Committee shall have the same force and effect as though taken by a majority of Directors present at a meeting of the Board duly called and held pursuant to the Bylaws, except that the Committee shall have no authority to:

a. Fill vacancies on the Board or the Committee;

b. Fix the compensation of Directors for serving on the Board or any committee;

c. Adopt, amend or repeal Bylaws;

d. Amend or repeal any resolution of the Board which by its express terms cannot be amended or repealed by the Executive Committee;

e. Appoint committees of the Board or appoint the members thereof; and

f. Approve any aspect of a transaction involving the company when a Director has a material financial interest in that transaction, except as expressly provided by the law.

C. Conduct of Business.

A quorum of the Committee shall consist of a majority of the committee members. The Committee shall report to the Board regarding its recommendations, actions and decisions. The Committee shall annually assess and report to the Board on the performance and effectiveness of the Committee.