FINANCE COMMITTEE CHARTER

A. Purpose.

The Finance Committee (the “Committee”) will assist the Board in fulfilling its responsibility relating to (1) the oversight of strategic objectives and projected financial performance to assure current and future financial integrity; (2) monitoring the company’s financial position; (3) reviewing the company’s financing plans; and (4) reviewing major transactions, investments or expenditures which represent a significant financial commitment or which have significant strategic or operational implications. The Committee shall report regularly its actions and recommendations to the Board.

B. Composition and Qualifications of Committee Members.

The Committee shall consist of three (3) or more members of the Board, who shall be elected by the Board and shall continue as members of the Committee at the pleasure of the Board. The chairperson of the Committee shall have an understanding of capital markets and corporate finance, and members of the Committee shall be familiar with business and financial management.

C. Responsibilities and Duties.

1. Strategic Plans, Budgeting, Performance Tracking and Forecasting.

   a. Review at least annually, oversee and make recommendations to the Board regarding the strategic plan and the implementation of such plan.

   b. Review and recommend actions to the Board regarding the annual operating and capital budgets, and assure their consistency with strategic objectives.

   c. Review at least four times a year financial and operating results against budget targets and strategic plans.

   d. Review periodically projections against budget targets and strategic plans in conjunction with review of operating results.
2. **Financings.**

   a. Review and approve all bond financings and other major financing transactions that exceed $25 million.

   b. Review and approve proposed bank credit facilities.

3. **Major Transactions.**

   a. **Capital projects and land purchases.** Review and recommend approval by the Board of all land purchases regardless of cost and capital projects over $25 million (project size for purposes of triggering Board approval is determined by total of all components, such as land, building, equipment and, if any, value of leases). Notwithstanding the above, management is authorized to approve the purchase of land for a purchase price of up to $10 million that is (1) located in California, and (2) adjacent to or within ¼ mile of an existing Kaiser Permanente hospital and/or medical office building campus.

   b. **Property and equipment leases.** Review and recommend approval by the Board of leases with total expenditures over $25 million.

   c. **Medical Service Agreements.** Review and recommend ratification by the Board of Medical Services Agreements and Dental Services Agreements upon recommendation of the appropriate Regional President.

   d. **Hospital closures.** Review and recommend approval by the Board of hospital closures.

   e. **Major acquisitions or dispositions.** Review and recommend approval by the Board of the purchase or sale of subsidiaries or lines of business with a value over $25 million.

   f. **Significant transactions.** Review and recommend approval by the Board of other major transactions (e.g., hospital strategies) which have significant financial risk or significant strategic or operational implications.

   g. **Material changes to approved transactions.** Review and recommend approval by the Board of any material changes to previously approved transactions.
h. **Guarantees and Loans.** Review and recommend approval by the Board of guarantees or long-term extensions of credit that are (1) over $25 million, or (2) restricted as to repayment (e.g., subordinated debt issued as required by a state’s Department of Insurance) by Kaiser Foundation Health Plan, Inc. or Kaiser Foundation Hospitals to or for the benefit of each other or their subsidiaries. Short-term inter-company transactions within the normal course of business may be transacted at the discretion of management, within the limits established by the Board approved Delegation of Authority limits.

4. **Pension Plans.**

   a. Receive reports from the Chief Executive Officer of Kaiser Foundation Health Plan, Inc. or other appropriate officers on the appointment and performance of the Investment and Administrative Committees at least annually and on retirement plan investment performance at least quarterly.

5. **Risk Management and Insurance Arrangements.**

   The Committee shall have the following responsibilities regarding risk management and insurance arrangements:

   
   b. Review insurance arrangements to assure adequacy and appropriateness of self-insured retentions and credit quality of insurers.

6. **Other Financial Matters.**

   a. Review and approve investment guidelines for investments.
   
   b. Review and approve delegation of authority approval limits for executives.
   
   c. Receive periodic management reports regarding company guarantees.
   
   d. Review and take other necessary actions as may be necessary with regard to matters of a material financial nature.