

# Return of Organization Exempt From Income Tax

OMB No 1545-0047

**2002**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

**A** For the 2002 calendar year, OR tax year period beginning 1/1/2002, 2002, and ending 12/31/2002

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return  
 Amended return  
 Application pending

**C** Name of organization: **KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**  
 Number and street (or P O box if mail is not delivered to street address): **ONE KAISER PLAZA, SUITE 1550L**  
 Room/suite:  
 City or town: **OAKLAND** State or Country: **CA** ZIP code: **94612**

**D** Employer identification number: **56-1421313**

**E** Telephone number: **(510) 271-6611**

**F** Accounting method:  Cash  Accrual  
 Other (specify)

**G** Web site: **N/A**

**H and I are not applicable to section 527 organizations**  
**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** If "Yes," enter number of affiliates: **N/A**  
**H(c)** Are all affiliates included?  Yes  No  
 (If "No" attach a list. See instructions.)  
**H(d)** Is this a separate return filed by an organization covered by a group ruling?  Yes  No

**J** Organization type (check only one):  501(c)(3) (insert no)  4947(a)(1)  527

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12: **4,164,016**

**M** Check  if the organization is not required to attach Sch B (Form 990 990-EZ, or 990-PF)

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See Specific Instructions on page 16)

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">341 NOV 16 2003</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">RECEIVED</p>	<b>1</b> Contributions, gifts, grants, and similar amounts received			
	<b>a</b> Direct public support	<b>1a</b>		
	<b>b</b> Indirect public support	<b>1b</b>		
	<b>c</b> Government contributions (grants)	<b>1c</b>		
	<b>d</b> Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	<b>1d</b>		
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>		1,101,605
	<b>3</b> Membership dues and assessments	<b>3</b>		
	<b>4</b> Interest on savings and temporary cash investments	<b>4</b>		3,062,411
	<b>5</b> Dividends and interest from securities	<b>5</b>		
	<b>6a</b> Gross rents	<b>6a</b>		
	<b>b</b> Less rental expenses	<b>6b</b>		
	<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>		
<b>7</b> Other investment income (describe _____)	<b>7</b>			
<b>8a</b> Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
<b>b</b> Less cost or other basis and sales expenses	<b>8a</b>	<b>8b</b>		
<b>c</b> Gain or (loss) (attach schedule)	<b>8c</b>	<b>8c</b>		
<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))	<b>8d</b>			
<b>9</b> Special events and activities (attach schedule)				
<b>a</b> Gross revenue not including contributions reported on line 1a	<b>9a</b>			
<b>b</b> Less direct expenses other than fundraising expenses	<b>9b</b>			
<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>			
<b>10a</b> Gross sales of inventory, less returns and allowances	<b>10a</b>			
<b>b</b> Less cost of goods sold	<b>10b</b>			
<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>			
<b>11</b> Other revenue (from Part VII, line 103)	<b>11</b>			
<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>		4,164,016	
<b>13</b> Program services (from line 44, column (B))	<b>13</b>		551,673	
<b>14</b> Management and general (from line 44, column (C))	<b>14</b>		549,932	
<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>			
<b>16</b> Payments to affiliates (attach schedule)	<b>16</b>			
<b>17</b> Total expenses (add lines 16 and 44, column (A))	<b>17</b>		1,101,605	
<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>		3,062,411	
<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>		(240,100,624)	
<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>	SEE STATEMENT LINE 20	237,038,213	
<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>			

P 19



**Part IV Balance Sheets**

(See Specific Instructions on page 24 )

<b>Note:</b> Where required, attached schedules and amounts within the description column should be for end-of-year amounts only		(A) Beginning of year	(B) End of year
<b>Assets</b>			
45	Cash - non-interest-bearing		45
46	Savings and temporary cash investments	30,669,544	46
47a	Accounts receivable		47a
b	Less allowance for doubtful accounts		47c
48a	Pledges receivable		48a
b	Less allowance for doubtful accounts		48c
49	Grants receivable		49
50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50
51a	Other notes and loans receivable (attach schedule)		51a
b	Less allowance for doubtful accounts		51c
52	Inventories for sale or use		52
53	Prepaid expenses and deferred charges	90,775	53
54	Investments - securities (attach schedule)		54
55a	Investments - land, buildings, and equipment: basis		55a
b	Less accumulated depreciation (attach schedule)		55c
56	Investments - other (attach schedule)		56
57a	Land, buildings, and equipment: basis		57a
b	Less accumulated depreciation		57c
58	Other assets (describe SEE STATEMENT LINE 58)	33,262,287	58
59	<b>Total assets (add lines 45 through 58) (must equal line 74)</b>	64,022,606	59 NONE
<b>Liabilities</b>			
60	Accounts payable and accrued expenses	1,026,916	60
61	Grants payable		61
62	Deferred revenue		62
63	Loans from officers, directors, trustees, and key employees		63
64a	Tax-exempt bond liabilities (attach schedule)		64a
b	Mortgages and other notes payable (attach schedule) SEE STATEMENT LINE 64b	276,261,335	64b
65	Other liabilities (describe SEE STATEMENT LINE 65)	26,834,979	65
66	<b>Total liabilities (add lines 60 through 65)</b>	304,123,230	66 NONE
<b>Net Assets or Fund Balances</b>			
Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
67	Unrestricted		67
68	Temporarily restricted		68
69	Permanently restricted		69
Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74			
70	Capital stock, trust principal, or current funds	(240,100,624)	70
71	Paid-in or capital surplus, or land, bldg, and equipment fund		71
72	Retained earnings, endowment, accumulated income, or other funds		72
73	<b>Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19 and column (B) must equal line 21)</b>	(240,100,624)	73
74	<b>Total liabilities and net assets/fund balances (add lines 66 and 73)</b>	64,022,606	74 NONE

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.



**Part VI Other Information**

(See Specific Instructions on pages 27 )

Yes or No

<b>76</b> Did the organization engage in any activity not previously reported to the Internal Revenue Service? If "Yes," attach a detailed description of each activity	<b>76</b>	NO
<b>77</b> Were any changes made in the organizing or governing documents, but not reported to the IRS? If "Yes," attach a conformed copy of the changes	<b>77</b>	NO
<b>78a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	<b>78a</b>	NO
<b>b</b> If "Yes," has it filed a tax return on Form 990-T for this year?	<b>78b</b>	N/A
<b>79</b> Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	<b>79</b>	YES <small>SEE STATEMENT LINE 79</small>
<b>80a</b> Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	<b>80a</b>	YES
<b>b</b> If "Yes," enter the name of the organization <u>SEE STATEMENT LINE 80</u> and check whether it is <input checked="" type="checkbox"/> exempt OR <input checked="" type="checkbox"/> nonexempt		
<b>81a</b> Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81	<b>81a</b>	NONE
<b>b</b> Did the organization file Form 1120-POL for this year?	<b>81b</b>	NO
<b>82a</b> Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	<b>82a</b>	NO
<b>b</b> If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III.)	<b>82b</b>	N/A
<b>83a</b> Did the organization comply with the public inspection requirements for returns and exemption applications?	<b>83a</b>	YES
<b>b</b> Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	<b>83b</b>	N/A
<b>84a</b> Did the organization solicit any contributions or gifts that were not tax deductible?	<b>84a</b>	N/A
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>84b</b>	N/A
<b>85</b> 501(c)(4), (5), or (6) organizations (a) Were substantially all dues nondeductible by members?	<b>85a</b>	N/A
<b>b</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	<b>85b</b>	N/A
<b>c</b> Dues, assessments, and similar amounts from members	<b>85c</b>	N/A
<b>d</b> Section 162(e) lobbying and political expenditures	<b>85d</b>	N/A
<b>e</b> Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	<b>85e</b>	N/A
<b>f</b> Taxable amount of lobbying and political expenditures (line 85d less 85e)	<b>85f</b>	N/A
<b>g</b> Does the organization elect to pay section 6033(e) tax on the amount in 85f?	<b>85g</b>	N/A
<b>h</b> If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	<b>85h</b>	N/A
<b>86</b> 501(c)(7) orgs - Enter (a) Initiation fees and capital contributions included on line 12	<b>86a</b>	N/A
<b>b</b> Gross receipts, included on line 12, for public use of club facilities	<b>86b</b>	N/A
<b>87</b> 501(c)(12) orgs - Enter (a) Gross income from members or shareholders	<b>87a</b>	N/A
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>87b</b>	N/A
<b>88</b> At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	<b>88</b>	NO
<b>89a</b> 501(c)(3) organizations - Enter Amount of tax paid during the year under section 4911 <u>NONE</u> , section 4912 <u>NONE</u> , section 4955 <u>NONE</u>		NONE
<b>b</b> 501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	<b>89</b>	NO
<b>c</b> Enter Amount of tax imposed on the organization managers or disqualified persons during the year under section 4912, 4955 and 4958		NONE
<b>d</b> Enter Amount of tax in 89c, above, reimbursed by the organization		NONE
<b>90a</b> List the states with which a copy of this return is filed <u>NORTH CAROLINA</u>		
<b>b</b> Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	<b>90b</b>	NONE
<b>91</b> The books are in care of <u>DONALD RUHL, NATIONAL TAX DIRECTOR</u> Telephone no <u>(510) 271-6385</u> Located at <u>ONE KAISER PLAZA, 1550L OAKLAND, CA</u> ZIP code <u>94612</u>		
<b>92</b> Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here enter the amount of tax-exempt interest received or accrued during the tax year	<b>92</b>	N/A

**Part VII Analysis of Income-Producing Activities**

(See Specific Instructions on pages 32.)

Note Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E)
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	Related or exempt function income
<b>93</b> Program service revenue					
<b>a</b> OTHER PROGRAM SERVICE REVENUE			1	1,101,605	
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>f</b> Medicare/Medicaid payments					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments					
<b>95</b> Interest on savings and temporary cash investments			14	3,062,411	
<b>96</b> Dividends and interest from securities					
<b>97</b> Net rental income (loss) from real estate					
<b>a</b> debt-financed property					
<b>b</b> not debt-financed property					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income					
<b>100</b> Gain or (loss) from sales of assets other than inventory					
<b>101</b> Net income or (loss) from special events					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue SEE STATEMENT LINE 103					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>104</b> Subtotal (add cols (B), (D), and (E))				4,164,016	
<b>105</b> Total (add line 104, columns (B), (D), and (E))					4,164,016

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes**

(See Specific Instructions on page 32.)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities**

(See Specific Instructions on page 33.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts**

(See Specific Instructions on page 33.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

Note If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Please Sign Here *D*

Under penalties of perjury I declare that I have examined this return including accompanying schedules and statements and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<i>Deborah Stokes</i>	10-24-03	DEBORAH STOKES, VP/CONTROLLER OF PARENT CORP	
Signature of officer	Date	Type or print name	Title
Preparer's	<i>[Signature]</i>	Date 9/26/03	Check if self-employed <input checked="" type="checkbox"/> employed
	LP	EIN	Preparer's SSN or PTIN
105		Phone (415) 783-4000	

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions )

OMB No 1545-0047

**2002**

Department of the Treasury  
Internal Revenue Service

MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

Name of the organization **KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA** Employer identification number **56-1421313**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions List each one If there are none, enter "None ")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				

Total number of other employees paid over \$50,000 **NONE**

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 1 of the instructions List each one (whether individuals or firms ) If there are none, enter "None ")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<b>MOORE &amp; VANALLEN</b> <b>P.O BOX 65045, CHARLOTTE NC 28265-0045</b>	<b>LEGAL SERVICES</b>	<b>541,282</b>
<b>SMITH, ANDERSON, BLOUNT, ET AL</b> <b>P.O BOX 2811, RALEIGH NC 27602-2611</b>	<b>LEGAL SERVICES</b>	<b>90,638</b>
<b>RESOURCES CONNECTION</b> <b>P.O. BOX 848155, DALLAS TX 75284-8185</b>	<b>PERSONNEL SERVICES</b>	<b>85,300</b>
<b>DURHAM REGIONAL HOSPITAL</b> <b>3643 NORTH ROXBORO ST, DURHAM, NC 27704</b>	<b>HOSPITAL SERVICES</b>	<b>60,735</b>
<b>N/A</b>		

Total number of others receiving over \$50,000 for professional services **NONE**

**Part III Statements About Activities**

(See page 2 of the instructions)

		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
	NONE		
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary?		
a	Sale, exchange, or leasing of property? SEE STMT SCH A PART III LINE 2	X	
b	Lending of money or other extension of credit? SEE STMT SCH A PART III, LINE 2	X	
c	Furnishing of goods, services, or facilities? SEE STMT SCH A PART III LINE 2	X	
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE STMT PART V	X	
e	Transfer of any part of its income or assets? If the answer to any question is "Yes," attach a detailed statement explaining the transactions		X
3	Does the organization make grants for scholarships, fellowships, student loans, etc? SEE STMT SCH A PART III, LINE 3		X
4a	Do you have a section 403(b) annuity plan for your employees?	N/A	
<b>Note:</b> Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments			

**Part IV Reason for Non-Private Foundation Status**

(See pages 3 through 6 of the instructions)

The organization is not a private foundation because it is (please check only ONE applicable box)

- 5  A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6  A school Section 170(b)(1)(A)(ii) (Also complete Part V, page 5)
- 7  A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8  A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9  A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state
- 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the Support Schedule in Part IV-A)
- 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)
- 11b  A community trust Section 170(b)(1)(A)(vi) (Also complete the Support Schedule below)
- 12  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the Support Schedule in Part IV-A)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

Provide the following information about the supported organizations (See page 5 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14  An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions)



**Part IV-A Support Schedule**

(Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

N/A

Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
<b>15</b> Gifts, grants, and contributions received (Do not include unusual grants See line 28)					
<b>16</b> Membership fees received					
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose	8,934,479	13,109,443	189,307,514	219,365,188	430,716,624
<b>18</b> Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	2,978,086	5,148,139	3,023,587	3,858,120	15,008,932
<b>19</b> Net income from unrelated business activities not included in line 18					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
<b>21</b> The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
<b>22</b> Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					
<b>23</b> Total of lines 15 through 22	11,913,565	18,257,582	192,331,101	223,223,308	445,725,556
<b>24</b> Line 23 minus line 17	2,979,086	5,148,139	3,023,587	3,858,120	15,008,932
<b>25</b> Enter 1% of line 23	119,136	182,576	1,923,311	2,232,233	

**26 Organizations described in lines 10 or 11:** a Enter 2% of amount in column (e), line 24

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a Do not file this list with your return Enter the total of all these excess amounts

c Total support for section 509(a)(1) test Enter line 24, column (e)

d Add Amounts from column (e) for lines 18 \_\_\_\_\_ 19 \_\_\_\_\_  
22 \_\_\_\_\_ 26b \_\_\_\_\_

e Public support (line 26c minus line 26d total)

f Public support percentage (line 26e (numerator) divided by line 26c (denominator))

26a	
26b	
26c	
26d	
26e	
26f	

**27 Organizations described on line 12** a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list (which is not open to public inspection) to show the name of, and total amounts received in each year from, each "disqualified person" Do not file this list with your return. Enter the sum of such amounts for each year

(2001)	(2000)	(1999)	(1998)
--------	--------	--------	--------

b For any amount included in line 17 that was received from each person (other than "disqualified person"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year

(2001)	(2000)	(1999)	(1998)
--------	--------	--------	--------

c Add Amounts from column (e) for lines 15 \_\_\_\_\_ 16 \_\_\_\_\_  
17 430,716,624 20 \_\_\_\_\_ 21 \_\_\_\_\_

d Add Line 27a total \_\_\_\_\_ and line 27b total \_\_\_\_\_

e Public support (line 27c minus line 27d total)

f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)

g Public support percentage (line 27e (numerator) divided by line 27f (denominator))

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))

27c	430,716,624
27d	
27e	430,716,624
27f	445,725,556
27g	96.63%
27h	3.37%

**28 Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return Do not include these grants in line 15

**Part V Private School Questionnaire**

(See page 7 of the instructions)

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	
		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement.)		
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a statement.)		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation		

**Part VI-A Lobbying Expenditures by Electing Public Charities**

(See page 9 of the instructions)

(To be completed ONLY by an eligible organization that filed Form 5768)

N/A

Check here  a  If the organization belongs to an affiliated group

Check here  b  If you checked "a" and "limited control" provisions apply

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations	
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38	Total lobbying expenditures (add lines 36 and 37)	38		
39	Other exempt purpose expenditures	39		
40	Total exempt purpose expenditures (add lines 38 and 39)	40		
41	Lobbying nontaxable amount Enter the amount from the following table - If the amount on line 40 is -	} 41		
	Not over \$500,000			20% of the amount on line 40
	Over \$500,000 but not over \$1,000,000			\$100,000 plus 15% of the excess over \$500,000
	Over \$1,000,000 but not over \$1,500,000			\$175,000 plus 10% of the excess over \$1,000,000
	Over \$1,500,000 but not over \$17,000,000			\$225,000 plus 5% of the excess over \$1,500,000
	Over \$17,000,000	\$1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41)	42		
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43		
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, file Form 4720

**4 - Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below  
See the instructions for lines 45 through 50 on page 11 of the instructions)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots nontaxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting by organizations that did not complete Part VI-A) (See page 12 of the instructions)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

- a Volunteers
- b Paid staff or management (include compensation in expenses reported on lines c through h)
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications, or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i Total lobbying expenditures (add lines c through h)

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
		NONE

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities



- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box  **Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.**
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1)

**Part II Additional (not automatic) 3-Month Extension of Time — Must File Original and One Copy.**

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	Employer identification number 56-1421313
	Number, street, and room or suite no. If a P.O. box, see instructions ONE KAISER PLAZA, SUITE 1550L	For IRS use only
	City, town or post office, state, and ZIP code For a foreign address, see instructions OAKLAND CA 94612	

Check type of return to be filed (File a separate application for each return)

- Form 990   
  Form 990-EZ   
  Form 990-T (sec 401(a) or 408(a) trust)   
  Form 1041-A   
  Form 5227   
  Form 8870  
 Form 990-BL   
  Form 990-PF   
  Form 990-T (trust other than above)   
  Form 4720   
  Form 6069

**STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the **whole group**, check this box . If it is for **part of the group**, check this box  and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until NOVEMBER 15, 2003

5 For calendar year 2002, or other tax year beginning \_\_\_\_\_, 20\_\_\_\_ and ending \_\_\_\_\_, 20\_\_\_\_

6 If this tax year is for less than 12 months, check reason  Initial return  Final return  Change in accounting period

7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM, IT MUST DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$ NONE

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ NONE

c **Balance Due.** Subtract line 8b from line 8a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ 0.00

**Signature and Verification**

Under penalties of perjury I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief it is true correct, and complete, and that I am authorized to prepare this form

Signature [Signature] Title VICE PRESIDENT/CONTROLLER Date 08/7/2003

**Notice to Applicant — To Be Completed by the IRS**

- We have approved this application Please attach this form to the organization's return
- We have not approved this application However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions) This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return Please attach this form to the organization's return
- We have not approved this application After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file We are not granting a 10-day grace period
- We cannot consider this application because it was filed after the due date of the return for which an extension was requested
- Other \_\_\_\_\_

EXTENSION APPROVED  
 8-26-2003  
 DIRECTOR OF EXTENSION SERVICE

Director \_\_\_\_\_ By \_\_\_\_\_ Date \_\_\_\_\_

**Alternate Mailing Address** — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	Name
	Number and street (include suite, room, or apt. no.) Or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

# Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return

• If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box ▶

• If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)

Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Part I Automatic 3-Month Extension of Time** — Only submit original (no copies needed)

Note: Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only ▶

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print File by the due date for filing your return. See instructions	Name of Exempt Organization <b>KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA</b>	Employer identification number <b>56-1421313</b>
	Number, street, and room or suite no. If a P.O. box, see instructions <b>ONE KAISER PLAZA, SUITE 1550L</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <b>OAKLAND CA 94612</b>	

Check type of return to be filed (file a separate application for each return)

- |  |  |                                    |
|--|--|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)     | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                             | <input type="checkbox"/> Form 8870 |

• If the organization does not have an office or place of business in the United States, check this box ▶

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) NA If this is for the whole group, check this box ▶  If it is for part of the group, check this box ▶  and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until AUGUST 15, 2003, to file the exempt organization return for the organization named above. The extension is for the organization's return for

▶  calendar year 2002 or

▶  tax year beginning \_\_\_\_\_, 20\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_

2 If this tax year is for less than 12 months, check reason  Initial return  Final return  Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ 0

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ \_\_\_\_\_

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ 0.00

### Signature and Verification

Under penalties of perjury, I declare that I have examined this form including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete and that I am authorized to prepare this form.

Signature ▶ *Deborah S. Stuber* Title ▶ VICE PRESIDENT/CONTROLLER Date ▶ 05/12/2003

For Paperwork Reduction Act Notice, see Instruction

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA  
56-1421313  
12/31/2002**

**STATEMENT LINE 20  
FORM 990 PART I, LINE 20 - OTHER CHANGES IN FUND BALANCE**

<u>DESCRIPTION</u>	<u>AMOUNT</u>
NEGATIVE FUND BALANCE DISTRIBUTION OF DISSOLUTION	237,038,213
	<hr/>
TOTAL - LINE 20 OTHER CHANGES IN FUND BALANCE	<u>237,038,213</u>

KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA  
56-1421313  
12/31/2002

OTHER EXPENSES  
STATEMENT LINE 43  
FORM 990, PART II, LINE 43

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>PROGRAM SERVICE</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUNDRAISING</u>
ADMINISTRATIVE EXPENSES	361,198	361,198	0	
PURCHASED SERVICES - OTHER	374,955	374,955	0	
OTHER INSURANCE	78,182	78,182	0	
BUSINESS LICENSES & TAXES	13,524	13,524	0	
INTER-REGIONAL CHARGES	72,741	72,741	0	
MISCELLANEOUS AND OTHER EXPENSES	3,783	3,783	0	
RECLASS HEALTH PLAN ADMINISTRATIVE EXPENSES	0	(549,932)	549,932	
 TOTAL LINE 43	 904,383	 354,451	 549,932	 0



**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**  
**56-1421313**  
**12/31/2002**

**STATEMENT PART III**  
**FORM 990, PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS**

The primary exempt purpose of Kaiser Foundation Health Plan of North Carolina ("Health Plan"), a North Carolina not-for-profit corporation organized for the public benefit and generally exempt from income tax under Internal Revenue Code Section 501(c)(3), and comparable state statute, was to provide a program of health care and medical services as a prepaid direct care group practice Health Maintenance Organization

Health Plan was a subsidiary of Kaiser Foundation Health Plan, Inc an organization also exempt from tax under Internal Revenue Code Section 501(c)(3) Health Plan contracted with Kaiser Foundation Hospitals (Hospitals) and the Carolina Permanente Medical Group, P A (Medical Group) to provide or arrange for hospital and medical services for its members Contract payments to Hospitals and Medical Group represented a substantial portion of the expenses for medical and hospital services reported in prior reporting periods

In 1999 the Board of Directors of Health Plan adopted a Plan of Divestiture under which Health Plan ceased health plan operations and began an orderly process of liquidating assets, resolution of claims and other liabilities, and arranging for continuation of care for members under contract at the time During the period following the adoption of the Plan of Dissolution through the end of 2002 Health Plan worked with the State regulatory agencies toward an orderly dissolution Future contingencies have been provided for and the State gave their final approval for dissolution of Health Plan effective year-end 2002

Revenue received during this period of time has been from the resolution of prior period contracts and other settlements and from the short term investment of Health Plan cash reserves Expenditures have been for the preservation of assets and resources of Health Plan and in settlement of claims and obligations which arose from the HMO operations of Health Plan Remaining assets were used to offset a portion of the liabilities due to an affiliated member of the Kaiser Permanente Medical Care Program Remaining net liabilities of Health Plan due to the affiliated member organization were written off by that organization as having no future value

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**  
**56-1421313**  
**12/31/2002**

STATEMENT LINE 57

FIXED ASSETS DESCRIPTION	COST BASIS		ACCUMULATED DEPRECIATION		2002 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	0	0	0	0	0
LAND IMPROVEMENTS	0	0	0	0	0
BUILDINGS	210,090	0	210,090	0	0
LEASEHOLD IMPROVEMENTS	0	0	0	0	0
EQUIPMENT	0	0	0	0	0
CAPITALIZED SOFTWARE	0	0	0	0	0
CAPITALIZED LEASES	0	0	0	0	0
CONSTRUCTION IN PROGRESS	0	0	0	0	0
<b>TOTALS</b>	<b>210,090</b>	<b>0</b>	<b>210,090</b>	<b>0</b>	<b>0</b>
TOTALS TO PART IV, LINE 57(A)	<u>210,090</u>	<u>0</u>			
PART IV LINE 57(B)			<u>210,090</u>	<u>0</u>	
PART IV LINE 57(C)	<u>0</u>	<u>0</u>			
PART II LINE 42(A) - DEPRECIATION, AMORTIZATION DEPLETION, ETC					<u>0</u>

NOTE PROPERTY, PLANT AND EQUIPMENT OWNED BY THE EXEMPT ORGANIZATION ARE STATED AT COST AND DEPRECIATED ON A STRAIGHT-LINE BASIS OVER THEIR USEFUL LIVES

NOTE THIS FULLY DEPRECIATED FACILITY WAS TRANSFERRED TO KAISER FOUNDATION HOSPITALS IN PARTIAL SATISFACTION OF HEALTH PLAN'S LIABILITY TO THAT ENTITY

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**  
**56-1421313**  
**12/31/2002**

**OTHER ASSETS**  
**STATEMENT LINE 58**  
**FORM 990, PART IV, LINE 58**

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR AMOUNT</u>	<u>END OF YEAR AMOUNT</u>
INTERCOMPANY ACCOUNTS - NET	26,477,399	0
PENSION FUNDING - LONG TERM	6,784,888	0
 TOTAL LINE 58	 <u>33,262,287</u>	 <u>0</u>

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**  
**56-1421313**  
**12/31/2002**

**STATEMENT LINE 64b - MORTGAGES AND OTHER NOTES PAYABLE**  
**FORM 990 PART IV**

<u>Name and Title</u>	<u>Lender's Relationship</u>	<u>Original Amount</u>	<u>Balance Due</u>	<u>Date of Note</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Purpose</u>
KAISER FOUNDATION HOSPITALS AFFILIATED ENTITY		170,056,431	0			PAYABLE ON DEMAND WITH VARIABLE RATE OF INTEREST		UNSECURED	WORKING CAPITAL
TOTAL			<u>0</u>						

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**  
**56-1421313**  
**12/31/2002**

**OTHER LIABILITIES**  
**STATEMENT LINE 65**  
**FORM 990, PART IV, LINE 65**

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR AMOUNT</u>	<u>END OF YEAR AMOUNT</u>
DUE TO RELATED ENTITIES	3,097,293	0
RESERVE FOR LOSS CONTRACTS	16,009,522	0
RESERVE FOR UNCLAIMED PROPERTY	128,164	0
RESERVE FOR SELF-INSURED RISKS	7,600,000	0
 TOTAL LINE 65	 <u>26,834,979</u>	 <u>0</u>

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**  
**56-1421313**  
**12/31/2002**

STATEMENT FORM 990 PART V - LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

<u>NAME AND ADDRESS</u>	<u>TITLE/ HOURS</u>	<u>COMPENSATION</u>	<u>CONTRIBUTION TO EMPLOYEE BENEFIT PLAN</u>	<u>EXPENSE ACCOUNT &amp; OTHER ALLOWANCE</u>
<b>DIRECTORS:</b>				
THERE WERE NO MEMBERS OF THE BOARD OF DIRECTORS OF THE ORGANIZATION DURING THE YEAR				
SUBTOTAL DIRECTORS		<u>0</u>	<u>0</u>	<u>0</u>
<b>OFFICERS AND KEY EMPLOYEES:</b>				
THERE WERE NO OFFICERS OR KEY EMPLOYEES OF THE CORPORATION THAT WERE PAID DURING THE YEAR AND THERE WERE NO OFFICERS NOR KEY EMPLOYEES AT YEAR END				
SUBTOTAL OFFICERS AND KEY EMPLOYEES		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL		<u>0</u>	<u>0</u>	<u>0</u>

**OPTIONAL NOTES**

**NOTE #1** THIS ORGANIZATION WAS ONE OF THE CORPORATE ENTITIES LISTED ON THE STATEMENT "RELATED AND CONTROLLED ENTITIES" INCLUDED AS A PART OF THIS RETURN THIS ORGANIZATION WAS A PARTICIPATING MEMBER OF THE DIRECT SERVICE PREPAID HEALTH CARE PROGRAM COMMONLY REFERRED TO AS " THE KAISER PERMANENTE MEDICAL CARE PROGRAM" ("MEDICAL CARE PROGRAM")

**NOTE #2** DURING 2002 THERE WERE NO DIRECTORS, OFFICERS NOR KEY EMPLOYEES OF THIS ENTITY OFFICERS AND/OR KEY EMPLOYEES OF THE PARENT AND AFFILIATED ORGANIZATIONS OVERSAW THE LIQUIDATION OF ASSETS AND RESOLUTION OF LIABILITIES OF THIS ORGANIZATION DURING 2002

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA  
56-1421313  
12/31/2002**

**STATEMENT LINE 79  
FORM 990, PART VI, LINE 79**

THE ASSETS OF KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA HAVE BEEN DISTRIBUTED PURSUANT TO A PLAN APPROVED BY NORTH CAROLINA DEPARTMENT OF INSURANCE

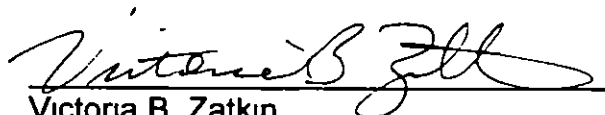
\$210,000 OF FULLY DEPRECIATED LEASEHOLD IMPROVEMENTS WERE TRANSFERRED TO KAISER FOUNDATION HOSPITALS, A RELATED TAX EXEMPT ORGANIZATION

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**

**CERTIFICATE**

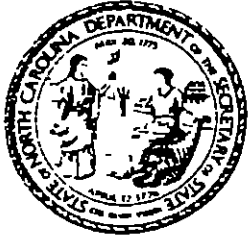
I, the undersigned, Victoria B Zatkín, hereby certify that I am Assistant Secretary of Kaiser Foundation Health Plan of North Carolina, a North Carolina nonprofit corporation. I further certify that the attached hereto is a full, true, and correct copy of the Articles of Dissolution of Kaiser Foundation Health Plan of North Carolina, the original of which was filed in the North Carolina Department of the Secretary of State on September 26, 2001, with an effective filing date of September 30, 2001.

IN WITNESS WHEREOF, the undersigned has hereunto signed her name this 27th day of December, 2001.

A handwritten signature in black ink, appearing to read "Victoria B Zatkín", written over a horizontal line.

Victoria B Zatkín  
Assistant Secretary





# NORTH CAROLINA

## Department of The Secretary of State

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To all whom these presents shall come, Greetings:

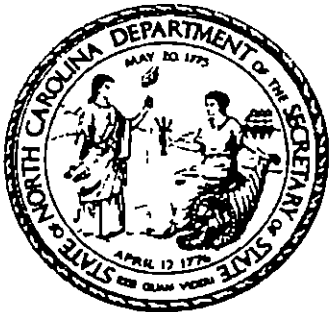
I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

### ARTICLES OF DISSOLUTION

OF

### KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA

the original of which was filed in this office on the 26th day of September, 2001.



IN WITNESS WHEREOF, I have hereunto  
set my hand and affixed my official seal at the  
City of Raleigh, this 26th day of September, 2001

*Elaine F. Marshall*

Secretary of State

21 269 9052

State of North Carolina  
Department of the Secretary of State

SOSID. 0079014  
Date Filed: 9/26/2001 3.46 PM  
Effective: 9/30/2001  
Elaine F. Marshall  
North Carolina Secretary of State

**ARTICLES OF DISSOLUTION BY DIRECTORS, MEMBERS AND SHAREHOLDERS  
FOR NONPROFIT CORPORATION**

Pursuant to §55A-14-04 of the General Statutes of North Carolina, the undersigned corporation hereby submits the following Articles of Dissolution for the purpose of dissolving the corporation

1. The name of the corporation is Kaiser Foundation Health Plan of North Carolina
2. The names, titles, and addresses of the officers of the corporation are.

Bernard J. Tyson  
President – Regions Outside California  
c/o Kaiser Permanente  
2101 E. Jefferson Street  
Rockville, MD 20852

L. Dale Crandall  
Executive Vice President, Finance and Administration,  
and Chief Financial Officer  
c/o Kaiser Permanente  
One Kaiser Plaza  
Oakland, CA 94612

Herman M. Weil  
Vice President, Marketing and Business Development  
c/o Kaiser Permanente  
3495 Piedmont Road, N E  
Atlanta, GA 30305

William A. Gillespie, MD  
Executive Vice President, Quality Management  
and Executive Vice President, Chief Financial Officer – Regions Outside California  
c/o Kaiser Permanente  
One Kaiser Plaza  
Oakland, CA 94612

Peter J. Hohl  
Vice President-Alliance and Acquisitions  
c/o Kaiser Permanente  
One Kaiser Plaza  
Oakland, CA 94612

Kirk E. Miller  
Sr. Vice President, General Counsel, and Secretary  
c/o Kaiser Permanente  
One Kaiser Plaza  
Oakland, CA 94612

3 The names and addresses of the directors of the corporation are

William A. Gillespie, MD  
c/o Kaiser Permanente  
One Kaiser Plaza  
Oakland, CA 94612

Kirk E Miller  
c/o Kaiser Permanente  
One Kaiser Plaza  
Oakland, CA 94612

Timothy E. Sullivan  
c/o Kaiser Permanente  
One Kaiser Plaza  
Oakland, CA 94612

Bernard J Tyson  
c/o Kaiser Permanente  
2101 E Jefferson Street, 3E  
Rockville, MD 20852

4 Attached is the plan of dissolution as required by N.C.G.S. § 55A-14-03

5 The dissolution of the corporation was authorized on the 19<sup>th</sup> day of September, 2001

6 (Check a, b, and/or c, as applicable)

a \_\_\_\_\_ Approval of members was not required for the dissolution, and the plan of dissolution was approved by a sufficient vote of the board of directors

b X Approval of the members was required for the dissolution, and the plan of dissolution was approved as required by Chapter 55A of the North Carolina General Statutes

c \_\_\_\_\_ Approval of the dissolution by some person or persons other than the members or the board of directors was required pursuant to N.C.G.S. § 55A-14-02(a)(3), and such approval was obtained.

7 These articles will be effective upon filing, unless a delayed date and/or time is specified September 30, 2001

This the 22<sup>nd</sup> day of September, 2001

Kaiser Foundation Health Plan  
of North Carolina

  
Signature

Bernard J. Tyson  
President

Notes

1 Filing fee is \$15. This document and one exact or conformed copy of these articles must be filed with the Secretary of State.

(Revised January 2000)

CORPORATIONS DIVISION

P O BOX 29622

(Form N-06)

RALEIGH, NC 27626-0622

**PLAN OF DISSOLUTION  
OF  
KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**

This Plan of Dissolution ("Plan") is for the purpose of effecting the complete dissolution of Kaiser Foundation Health Plan of North Carolina (the "Corporation").

1. **Approval by KFHPNC Directors and Member.** The Plan shall be effective only upon the ratification, adoption, and approval of the Plan by the board of directors of the Corporation and the Corporation's sole member.

2. **Dissolution.** The Corporation shall be dissolved upon the effective date of the Articles of Dissolution in accordance with the laws of the State of North Carolina.

3. **Cessation of Business.** After the effective date of the Articles of Dissolution, the Corporation shall not engage in any business activities, except for the purposes of preserving the value of its assets, adjusting and winding up its business and affairs, and distributing its assets in accordance with the Plan.

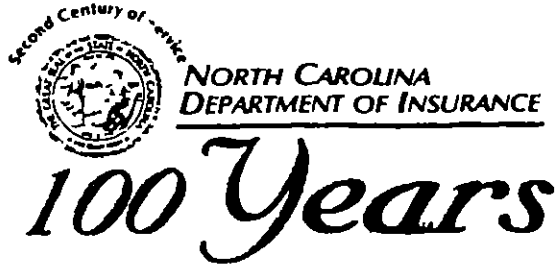
4. **Payment of Debts.** All known or ascertainable liabilities of the Corporation shall promptly be paid or provided for. There may also be set aside, in cash, securities or other assets, a reserve, escrow, or other similar fund in an amount estimated by the officers of the Corporation to be necessary for the payment of estimated expenses (including expenses of dissolution and liquidation), taxes, and unknown or contingent liabilities

5. **Liquidation of Assets.** After the payment of or provision for all known or ascertainable liabilities of the Corporation, and the establishment of a reserve, escrow, or other similar fund for the payment of estimated expenses (including expenses of dissolution and liquidation), taxes, and unknown or contingent liabilities, the officers shall take all steps which they may deem necessary or desirable to accomplish the liquidation of the Corporation. Any assets held by the Corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements. Other assets may be sold or converted into cash by collection.

6. **Payment of Subordinated Debt.** After all known or ascertainable liabilities of the Corporation have been paid or provided for, and a reserve, escrow, or other similar fund has been set aside in an amount estimated by the officers of the Corporation to be necessary for the payment of estimated expenses (including expenses of dissolution and liquidation), taxes, and all other liabilities of the Corporation, including unknown or contingent liabilities, then one or more payments shall be made in whole or partial satisfaction of the Corporation's obligations which are subordinated to its other liabilities, including without limitation the obligations evidenced by that certain Certificate of Contribution executed on January 12, 2000, and effective as of December 29, 1999, in favor of Kaiser Foundation Hospitals ("KFH").

7. **Final Liquidating Distribution.** At such time as the officers may determine that all liabilities of the Corporation have been paid or provided for, including all costs of effecting and administering the Plan, and that there is no further need for any reserve fund established pursuant to Paragraph 4, all remaining assets (if any), including assets remaining in such fund (if any), shall be distributed and transferred, in cash or in kind, or partly in cash and partly in kind, to KFH, a corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

8. **Permitted Variations.** The officers may authorize such variations from or amendments to the provisions of this Plan as may be necessary or appropriate (i) to obtain, and to effect the terms of, any approvals from governmental entities (including without limitation the North Carolina Department of Insurance) required to effect the dissolution and liquidation of the Corporation, and (ii) to effect the dissolution, liquidation, and distribution of the Corporation's assets in accordance with the laws of the State of North Carolina.



PO Box 26387  
RALEIGH, NC 27611

JIM LONG  
COMMISSIONER OF INSURANCE

FINANCIAL EVALUATION DIVISION  
COMPANY SERVICES GROUP  
PHONE (919) 733-5633  
FAX (919) 715-7230

I, James E. Long, Commissioner of Insurance in and for the State of North Carolina, do hereby certify that I have examined the attached Articles of Dissolution of Kaiser Foundation Health Plan of North Carolina and find the same in conformity with the laws pertaining thereto and do hereby approve the said Articles of Dissolution and certify the same to the Secretary of State of the State of North Carolina

In testimony whereof, I have hereunto set my hand and affixed my official seal at the city of Raleigh, this the 26<sup>th</sup> day of September, 2001.

Commissioner of Insurance

By: Kathy H. Sykes  
Kathy H. Sykes  
Administrator  
Corporate Records Unit  
Financial Evaluation Division

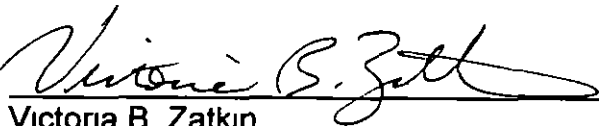


**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**

**CERTIFICATE**

I, the undersigned, Victoria B Zatkın, hereby certify that I am Assistant Secretary of Kaiser Foundation Health Plan of North Carolina, a North Carolina nonprofit corporation. I further certify that the attached hereto is a full, true, and correct copy of resolutions approved on September 19, 2001 by unanimous written consent of the Board of Directors of Kaiser Foundation Health Plan of North Carolina, and that such resolutions have not been amended, modified, superseded, or repealed and are, at the date of this certificate, in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto signed her name this 27th day of December, 2001.



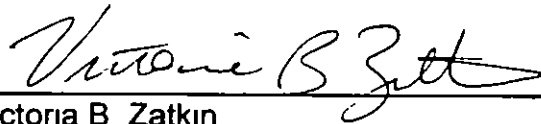
Victoria B Zatkın  
Assistant Secretary

**KAISER FOUNDATION HEALTH PLAN, INC.**

**CERTIFICATE**

I, the undersigned, Victoria B Zatkín, hereby certify that I am Assistant Secretary of Kaiser Foundation Health Plan, Inc , a California nonprofit public benefit corporation I further certify that Kaiser Foundation Health Plan, Inc is the sole member ("Member") of Kaiser Foundation Health Plan of North Carolina I further certify that the attached hereto is a full, true, and correct copy of the September 19, 2001 Unanimous Written Consent of Member of Kaiser Foundation Health Plan of North Carolina, approving, adopting and ratifying the Plan of Dissolution of Kaiser Foundation Health Plan of North Carolina

IN WITNESS WHEREOF, the undersigned has hereunto signed her name this 27th day of December, 2001



Victoria B Zatkín  
Assistant Secretary



**CONSENT OF MEMBER  
OF  
KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**

**WHEREAS**, Kaiser Foundation Health Plan, Inc ("Kaiser"), acting as the sole member of Kaiser Foundation Health Plan of North Carolina ("KFHPNC" or the "Corporation"), has determined that it is in the best interest of Kaiser and KFHPNC for KFHPNC to dissolve and liquidate,

**NOW, THEREFORE, BE IT RESOLVED**, that the following Plan of Dissolution for KFHPNC, which has been approved by the KFHPNC Board of Directors, is hereby approved, adopted, and ratified pursuant to North Carolina General Statute § 55A-14-02

**Plan of Dissolution**

This Plan of Dissolution ("Plan") is for the purpose of effecting the complete dissolution of Kaiser Foundation Health Plan of North Carolina (the "Corporation")

1. **Approval by KFHPNC Directors and Member.** The Plan shall be effective only upon the ratification, adoption, and approval of the Plan by the board of directors of the Corporation and the Corporation's sole member
2. **Dissolution.** The Corporation shall be dissolved upon the effective date of the Articles of Dissolution in accordance with the laws of the State of North Carolina
3. **Cessation of Business.** After the effective date of the Articles of Dissolution, the Corporation shall not engage in any business activities, except for the purposes of preserving the value of its assets, adjusting and winding up its business and affairs, and distributing its assets in accordance with the Plan
4. **Payment of Debts.** All known or ascertainable liabilities of the Corporation shall promptly be paid or provided for. There may also be set aside, in cash, securities or other assets, a reserve, escrow, or other similar fund in an amount estimated by the officers of the Corporation to be necessary for the payment of estimated expenses (including expenses of dissolution and liquidation), taxes, and unknown or contingent liabilities
5. **Liquidation of Assets.** After the payment of or provision for all known or ascertainable liabilities of the Corporation, and the establishment of a reserve, escrow, or other similar fund for the payment of estimated expenses (including expenses of dissolution and liquidation), taxes, and unknown or contingent liabilities, the officers shall take all steps which they may deem necessary

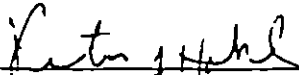
or desirable to accomplish the liquidation of the Corporation. Any assets held by the Corporation upon condition requiring return, transfer, or conveyance which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements. Other assets may be sold or converted into cash by collection.

6. **Payment of Subordinated Debt.** After all known or ascertainable liabilities of the Corporation have been paid or provided for, and a reserve, escrow, or other similar fund has been set aside in an amount estimated by the officers of the Corporation to be necessary for the payment of estimated expenses (including expenses of dissolution and liquidation), taxes, and all other liabilities of the Corporation, including unknown or contingent liabilities, then one or more payments shall be made in whole or partial satisfaction of the Corporation's obligations which are subordinated to its other liabilities, including without limitation the obligations evidenced by that certain Certificate of Contribution executed on January 12, 2000, and effective as of December 29, 1999, in favor of Kaiser Foundation Hospitals ("KFH")

7. **Final Liquidating Distribution.** At such time as the officers may determine that all liabilities of the Corporation have been paid or provided for, including all costs of effecting and administering the Plan, and that there is no further need for any reserve fund established pursuant to Paragraph 4, all remaining assets (if any), including assets remaining in such fund (if any), shall be distributed and transferred, in cash or in kind, or partly in cash and partly in kind, to KFH, a corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

8. **Permitted Variations.** The officers may authorize such variations from or amendments to the provisions of this Plan as may be necessary or appropriate (i) to obtain, and to effect the terms of, any approvals from governmental entities (including without limitation the North Carolina Department of Insurance) required to effect the dissolution and liquidation of the Corporation, and (ii) to effect the dissolution, liquidation, and distribution of the Corporation's assets in accordance with the laws of the State of North Carolina.

This action is effective this the 19<sup>th</sup> day of September, 2001

  
\_\_\_\_\_  
Peter J Hohk  
Vice President  
Kaiser Foundation Health Plan, Inc

#238236v4

**CONSENT OF DIRECTORS  
OF  
KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**

We, the undersigned, constituting the Board of Directors of Kaiser Foundation Health Plan of North Carolina (the "Corporation"), do hereby adopt the following resolutions by signing our consent thereto

**WHEREAS**, it is in the best interest of the Corporation to dissolve and liquidate

**NOW, THEREFORE, BE IT RESOLVED**, that the Corporation be dissolved and liquidated substantially in accordance with the following Plan of Dissolution, that the following Plan hereby is approved, adopted, and ratified, and that the Plan be submitted to Kaiser Foundation Health Plan, Inc , the sole member of the Corporation, for its approval, adoption, and ratification

**Plan of Dissolution**

This Plan of Dissolution ("Plan") is for the purpose of effecting the complete dissolution of Kaiser Foundation Health Plan of North Carolina (the "Corporation")

1. **Approval by KFHPNC Directors and Member.** The Plan shall be effective only upon the ratification, adoption, and approval of the Plan by the board of directors of the Corporation and the Corporation's sole member

2. **Dissolution.** The Corporation shall be dissolved upon the effective date of the Articles of Dissolution in accordance with the laws of the State of North Carolina

3. **Cessation of Business.** After the effective date of the Articles of Dissolution, the Corporation shall not engage in any business activities, except for the purposes of preserving the value of its assets, adjusting and winding up its business and affairs, and distributing its assets in accordance with the Plan

4. **Payment of Debts.** All known or ascertainable liabilities of the Corporation shall promptly be paid or provided for There may also be set aside, in cash, securities or other assets, a reserve, escrow, or other similar fund in an amount estimated by the officers of the Corporation to be necessary for the payment of estimated expenses (including expenses of dissolution and liquidation), taxes, and unknown or contingent liabilities

5. **Liquidation of Assets.** After the payment of or provision for all known or ascertainable liabilities of the Corporation, and the establishment of a reserve, escrow, or other similar fund for the payment of estimated expenses

(including expenses of dissolution and liquidation), taxes, and unknown or contingent liabilities, the officers shall take all steps which they may deem necessary or desirable to accomplish the liquidation of the Corporation. Any assets held by the Corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements. Other assets may be sold or converted into cash by collection.

6. **Payment of Subordinated Debt.** After all known or ascertainable liabilities of the Corporation have been paid or provided for, and a reserve, escrow, or other similar fund has been set aside in an amount estimated by the officers of the Corporation to be necessary for the payment of estimated expenses (including expenses of dissolution and liquidation), taxes, and all other liabilities of the Corporation, including unknown or contingent liabilities, then one or more payments shall be made in whole or partial satisfaction of the Corporation's obligations which are subordinated to its other liabilities, including without limitation the obligations evidenced by that certain Certificate of Contribution executed on January 12, 2000, and effective as of December 29, 1999, in favor of Kaiser Foundation Hospitals ("KFH")

7. **Final Liquidating Distribution.** At such time as the officers may determine that all liabilities of the Corporation have been paid or provided for, including all costs of effecting and administering the Plan, and that there is no further need for any reserve fund established pursuant to Paragraph 4, all remaining assets (if any), including assets remaining in such fund (if any), shall be distributed and transferred, in cash or in kind, or partly in cash and partly in kind, to KFH, a corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code

8. **Permitted Variations.** The officers may authorize such variations from or amendments to the provisions of this Plan as may be necessary or appropriate (i) to obtain, and to effect the terms of, any approvals from governmental entities (including without limitation the North Carolina Department of Insurance) required to effect the dissolution and liquidation of the Corporation, and (ii) to effect the dissolution, liquidation, and distribution of the Corporation's assets in accordance with the laws of the State of North Carolina

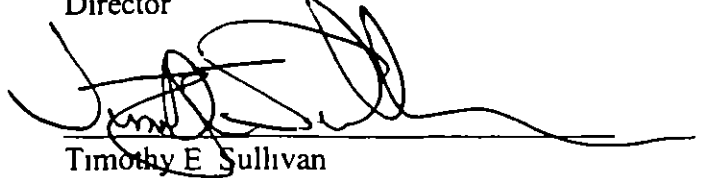
**AND IT IS FURTHER RESOLVED**, that, upon the foregoing Plan becoming effective, the officers of the Corporation are hereby authorized and directed to do any and all acts and things as provided for in the Plan and any and all such further acts and things as they may consider desirable to carry out the purposes of the Plan, including the execution and filing of all such certificates, documents, information returns, tax returns, requests for regulatory consent, approval, or authorization, and other documents as may be necessary or appropriate to implement the Plan

This action is effective this the 19<sup>th</sup> day of September, 2001



William A. Gillespie, MD

Director



Timothy E. Sullivan

Director



Kirk E. Miller

Director



Bernard J. Tyson

Director

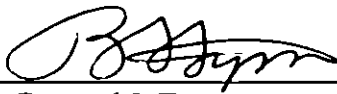
**NOTICE OF DISSOLUTION  
OF  
KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**

NOTICE IS HEREBY GIVEN that Kaiser Foundation Health Plan of North Carolina, a North Carolina nonprofit corporation, was dissolved on September 30, 2001. All creditors of and claimants against the corporation are required to present their respective claims and demands immediately to the corporation so that it can proceed to collect its assets, convey and dispose of its properties, pay, satisfy, and discharge its liabilities and obligations, and do all other acts required to liquidate its business and affairs. With respect to all claims, please take notice of the following:

1. Claims must be in writing and include the name of the claimant, the amount of the claim, and a short summary of the basis for it.
2. Claims should be mailed to the corporation in care of Kaiser Permanente at Post Office Box 490, Latham, New York 12110.
3. A claim against the corporation will be barred unless a proceeding to enforce the claim is commenced within five years after the publication date of this notice.

This the 3<sup>rd</sup> day of October, 2001

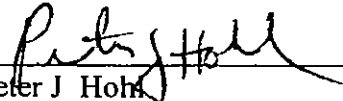
**KAISER FOUNDATION HEALTH PLAN  
OF NORTH CAROLINA**

By   
Bernard J. Tyson  
President

AFFIDAVIT

I, Peter J Hohl, Vice President, Alliances and Acquisitions, of Kaiser Foundation Health Plan of North Carolina ("KFHPNC"), do hereby affirm under the penalties of perjury that (1) All valid KFHPNC policyholder claims ("Claims") received by KFHPNC as of the date of this affidavit have been satisfied or otherwise provided for, (2) All KFHPNC policies were assumed or terminated on or before March 31, 2000, and no further Claims are anticipated, however, a reserve in the amount of \$210,808 for IBNR Claims has been established and any Claims received in the future will be administered and paid under an agreement between KFHPNC and Kaiser Foundation Hospitals, (3) All liabilities of KFHPNC, other than Claims, have been paid or provided for

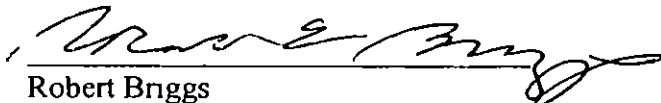
Signed this 16<sup>th</sup> day of December, 2002

  
Peter J Hohl

Vice President, Alliances and Acquisitions  
Kaiser Foundation Health Plan of North Carolina

I, Robert Briggs, Senior Vice President and Chief Financial Officer of Kaiser Foundation Hospitals ("KFH"), do hereby acknowledge and certify that KFH has agreed to accept the obligations described in the foregoing affidavit

Signed this 16<sup>th</sup> day of December, 2002



Robert Briggs  
Senior Vice President and Chief Financial Officer  
Kaiser Foundation Hospitals



CAROL H. COX  
12/16/02



## ADMINISTRATIVE SERVICES AGREEMENT

This ADMINISTRATIVE SERVICES AGREEMENT ("Agreement"), effective as of December 10, 2002 (the "Effective Date"), is entered into by and between KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA, a North Carolina nonprofit corporation ("Plan"), and KAISER FOUNDATION HOSPITALS, a California nonprofit public benefit corporation ("Administrator")

### RECITALS

A Plan was licensed as a health maintenance organization in the state of North Carolina and ceased providing active, in-force coverages as of November 30, 1999,

B Effective September 30, 2001, Plan was dissolved as a North Carolina nonprofit corporation and ceased to be licensed by the North Carolina Department of Insurance as a North Carolina health maintenance organization,

C Plan has outstanding liabilities related to the provision of medical services while it was still licensed and operating as a health maintenance organization in the state of North Carolina and other contingent liabilities (together, "Liabilities"),

D Plan desires to have such Liabilities administered by Administrator, and

E Administrator is able to perform such administrative duties on behalf of Plan and desires to do so

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements hereinafter set forth, the parties agree as follows

### ARTICLE I OBLIGATIONS UNDER AGREEMENT

- 1 1 Plan hereby transfers to Administrator all funds related to the Liabilities so that Administrator may fulfill its obligations under this Agreement with regard to the Liabilities
- 1 2 All Liabilities-related funds shall be handled in a fiduciary manner by Administrator on behalf of Plan and shall be maintained in a separate segregated account established for such purpose and from which account Administrator shall make all Liabilities-related payments (the "Account")
- 1 3 In accordance with Plan's instructions, Administrator shall determine whether and in what amounts payments should be made in resolution of Liabilities and shall make all such payments on behalf of Plan

- 1 4 Administrator shall resolve and pay or otherwise discharge all Liabilities in a timely and appropriate manner, in accordance with any and all applicable statutory and regulatory requirements
- 1 5 In accordance with Plan's instructions, Administrator shall handle all accounting with regard to the Liabilities and shall produce and maintain all records related to the Liabilities
- 1 6 Administrator shall prepare for Plan's review quarterly reports indicating the status of all Liabilities and all actions taken with regard to the Liabilities since the previous quarter's report, including information on the balance of the Account and the estimated value of all outstanding Liabilities
- 1 7 Administrator shall in a timely manner, at Plan's request or pursuant to an appropriate request made by a government regulatory body, produce reports or respond to inquiries regarding the status of the Liabilities and payments and receipts made with regard thereto
- 1 8 Administrator shall be compensated for the provision of services under this Agreement in a commercially reasonable amount agreed to by Plan, such amount(s) to be drawn from the Account
- 1 9 Administrator's responsibilities under this Agreement are purely administrative in nature, and neither this Agreement nor any of the terms herein shall cause, or be construed as causing, Administrator to undertake or assume any of the Liabilities or any other legal obligations of Plan

## ARTICLE II TERMINATION OF AGREEMENT

- 2 1 This Agreement shall terminate upon the first to occur of any of the following
  - (a) The mutual agreement, in writing, of the parties hereto;
  - (b) A default in the performance or breach of any term, condition, covenant, duty, responsibility, or function contained in this Agreement or required by any law or regulation, which default or breach shall continue for a period of thirty (30) days after written notice to the party committing such default or breach by the other party stating the specific nature of such default or breach and requiring it to be remedied,
  - (c) The giving of sixty (60) days written notice of termination by either party to the other (with or without cause),
  - (d) Automatically, on the date all Liabilities are resolved and paid or otherwise discharged

2 2 If upon termination of this Agreement funds remain in the Account, the funds shall be distributed in the following manner

- (a) If termination was pursuant to Section 2 1(a), (b), or (c), the funds shall be returned to Plan by Administrator as soon as is reasonably possible, and
- (b) If termination was pursuant to Section 2 1(d), the funds shall be transferred in partial repayment of the obligations set forth in the Certificate of Contribution effective as of January 12, 2000, in favor of Kaiser Foundation Hospitals

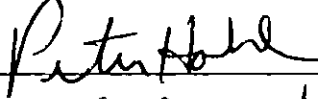
### ARTICLE III MISCELLANEOUS

- 3 1 Nothing contained herein nor in any of the rules, regulations, or practices of Administrator shall be construed as creating the relationship of employer and employee between Administrator and Plan
- 3 2 The captions and headings used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof, nor shall they be utilized in the construction or interpretation of this Agreement
- 3 3 Whenever this Agreement or law requires or permits any consent, approval, notice, request, or demand, from one party to another, such consent, approval, notice, request, or demand must be in writing to be effective and shall be deemed to have been given on the earlier of receipt or the third business day after it is properly addressed, stamped, and deposited in the United States mail, certified, return receipt requested
- 3 4 If any provision of this Agreement is held to be illegal, invalid, or unenforceable during the term of this Agreement, such provision shall be fully severable from the other provisions hereof. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never been part of this Agreement. The remaining provisions of this Agreement shall remain in full force and effect and shall not be effected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement
- 3 5 This Agreement may be amended at any time and from time to time in whole or in part by an instrument in writing setting forth the particulars of such amendment duly executed by an authorized officer of each of the parties
- 3 6 Neither this Agreement nor any rights or obligations of any party hereunder may be transferred or assigned by such party without the prior written consent of the other party
- 3 7 This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, oral or written, if any, relating to the subject matter hereof
- 3 8 This Agreement shall be construed and interpreted in accordance with the laws of the State of North Carolina

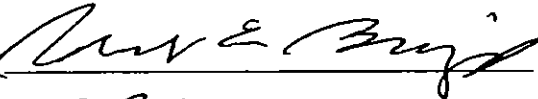
- 3 9 One or more waivers of any covenant, term, or provision of this Agreement by any party shall not be construed as a waiver of any subsequent default or breach of the same covenant, term, or provision, nor shall it be considered as a waiver of any other existing or subsequent default or breach of a different covenant, term, or provision. The consent or approval by either party to or with respect to any act by the other party requiring such consent or approval shall not be deemed to be a waiver or render unnecessary consent to or approval of any subsequent similar act. No custom or practice of either party shall constitute a waiver of either party's rights to insist upon strict compliance with the terms of this Agreement.
- 3 10 This Agreement may be executed in a number of identical counterparts, each of which, for all purposes, is deemed to be an original, and all of which constitute, collectively, the Agreement.

IN WITNESS WHEREOF, Plan and Administrator have caused this Agreement to be executed as of the Effective Date.

**KAISER FOUNDATION HEALTH PLAN  
OF NORTH CAROLINA**

By   
Title Vice Pres. ~~Adm~~

**KAISER FOUNDATION HOSPITALS**

By   
Title SVP & CFO

**ASSIGNMENT OF INTEREST IN LEASES, SUBLEASES, GUARANTIES, LETTERS OF CREDIT, AND SECURITY DEPOSITS AND ASSUMPTION AGREEMENT**

THIS ASSIGNMENT is made effective as of *December 5*, 2002 by and between KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA, a North Carolina nonprofit corporation (hereinafter referred to as "Assignor"), and KAISER FOUNDATION HOSPITALS, a California nonprofit public benefit corporation (hereinafter referred to as "Assignee")

**WITNESSETH:**

WHEREAS, Assignor, as tenant, and Southport Business Park Limited Partnership, as landlord ("Landlord"), entered into that certain Standard Office Building Lease dated December 8, 1997, as amended by Amendment to Lease dated May 1, 1998 and Confirmation of Lease Terms dated May 7, 1998 (collectively the "NC-12 Lease") covering space in the premises described in the NC-12 Lease (the "NC-12 Premises") located at 909 Aviation Parkway, Morrisville, North Carolina 27560;

WHEREAS, Assignor, as tenant, and Landlord, as landlord, entered into (i) a Lease Agreement dated March 21, 1989, as amended by that Lease Amendment #1, last dated April 11, 1989, as amended by that certain Second Amendment to Lease, dated October 1, 1992, as amended by that certain Third Amendment to Lease dated December 8, 1997; and (ii) a lease agreement dated October 31, 1992, as amended by that certain First Amendment to Lease, dated September 9, 1993, as amended by that certain Second Amendment to Lease, dated December 23, 1993, as amended by that certain Third Amendment to Lease, dated March 23, 1994, as amended by that certain Fourth Amendment to Lease, dated December 8, 1997 (collectively the "NC-11 Lease") covering space in premises described in the NC-11 Lease (the "NC-11 Premises") located at 951 Aviation Parkway, Morrisville, North Carolina;

WHEREAS, Assignor, as sublessor, and Carolina Premier Medical Group, P. A ("Carolina Premier"), as sublessee, entered into a certain Sublease Agreement dated December 23, 1999, covering the NC-11 Premises, which was assigned by Carolina Premier to Scott Medical Group, LLC pursuant to that certain Order Authorizing Debtor to Assume and Assign Unexpired Sublease of Non-Residential Real Property, issued by the United States Bankruptcy Court for the Middle District of North Carolina, Durham Division, dated January 19, 2001, *In the Matter of Carolina Premier Medical Group, P. A.*, Case No. 00-82322C-11D (collectively the "NC-11 Sublease");

WHEREAS, Assignor, as sublessor, and Mindlever.Com, Inc., a North Carolina corporation ("Mindlever"), entered into that certain Sublease Agreement dated effective as of September 21, 2000, covering approximately 29,508 rentable square feet out of a portion of the NC-12 Premises, which was assigned by Mindlever to M-L Acquisition Corp., a Delaware corporation ("M-L"), pursuant to that certain Assignment and Assumption of Sublease Agreement dated April 30, 2001, by and among Assignor, Mindlever, and M-L (collectively the "NC-12A Sublease");

WHEREAS, Assignor, as sublessor, and KN Leadlogistics, Inc., a New Jersey corporation, as sublessee, entered into that certain Sublease Agreement dated June 22, 2002, covering approximately 11,720 rentable square feet. out of a portion of the NC-12 Premises (the "NC-12B Sublease"); and

WHEREAS, Assignor desires to convey all rights of the Assignor under the NC-11 Lease, the NC-12 Lease, the NC-11 Sublease, the NC-12A Sublease, and the NC-12B Sublease (collectively the "Leases") and all guaranties, security deposits, and letters of credit held by or for the benefit of Assignor under or in connection with any of the foregoing to Assignee;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER and DELIVER unto Assignee, its successors and assigns, all of the rights of Assignor under the Leases and all security deposits and letters of credit held by or for the benefit of Assignor under or in connection with any of the Leases, and all other rights and benefits of every description whatsoever belonging to or accruing to the benefit of the Assignor in connection with the Leases. Assignee hereby assumes and agrees to perform all of the terms, covenants and conditions of the Leases on the part of the Assignor therein required to be performed. Assignor covenants and agrees that the Leases shall remain in full force and effect and this Assignment shall have no effect on the validity of any of the Leases or the liability of Assignor under the NC-11 Lease or the NC-12 Lease now existing or hereinafter arising. This Assignment may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart. The address for notice to Assignee in connection with the Leases is:

Lenny Montemerlo  
Director Facility Services  
Kaiser Foundation Health Plan, Inc  
200 Day Hill Road  
3<sup>rd</sup> Floor  
Windsor, CT 06095

With a copy to:

Dena Belinkoff  
Senior Counsel  
Kaiser Foundation Health Plan, Inc  
2101 East Jefferson St., 7 East  
Rockville, MD 20852

EXECUTED effective the 5 day of Dec, 2002.

ASSIGNOR:

KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA

ROSEMARY REICHENBACH  
Notary Public, State of New York  
Qualified in Greene County  
My Commission Expires 8/2/06  
#4525205

*Rosemary Reichenbach*

By: *Peter Holt*  
Print Name: Peter Holt  
Title: Vice President

ASSIGNEE:

KAISER FOUNDATION HOSPITALS

By: *Herman Weil*  
Print Name: HERMAN WEIL  
Title: SR. VICE PRESIDENT

**ATTACHMENT FOR  
FORM 990 PART VI, QUESTION 80 - RELATED AND AFFILIATED ENTITIES  
 AND/OR  
FORM 1120, SCHEDULE K, QUESTIONS 3, 4 AND 5**

KAISER FOUNDATION HEALTH PLAN, INC. AND KAISER FOUNDATION HOSPITALS, CALIFORNIA  
 NOT-FOR PROFIT CORPORATIONS, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE  
 SECTION 501(C)(3), HAVE A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS  
 AS OF DECEMBER 31, 2002

EMPLOYER ID #	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.
<b>SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC, THAT ARE ALSO EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3):</b>		
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	100%
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC	100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%
23-7425486	COMMUNITY HEALTH PLAN	100%
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	100%
93-0954562	KAISER HEALTH ALTERNATIVES	100%
94-3299123	CAMP BOWIE SERVICE CENTER	100%
93-0480268	OHP	100%
91-2171891	LOKAHI ASSURANCE, LTD	100%

**SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC THAT ARE TAXABLE FOR FEDERAL AND STATE INCOME TAX PURPOSES**

03-0329760	OAK TREE ASSURANCE, LTD	100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC	100%
94-3259432	KAISER PROPERTIES SERVICES, INC	100%
91-1814507	CHP COMPANIES, INC	100%

**KAISER FOUNDATION HEALTH PLAN, INC IS AFFILIATED WITH THE FOLLOWING ENTITIES EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3)**

94-1105628	KAISER FOUNDATION HOSPITALS	*(1)	N/A
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	*(2)	N/A



**ATTACHMENT FOR:  
FORM 990 PART VI, QUESTION 80 - RELATED AND AFFILIATED ENTITIES  
 AND/OR  
FORM 1120, SCHEDULE K, QUESTIONS 3, 4 AND 5**

KAISER FOUNDATION HEALTH PLAN, INC AND KAISER FOUNDATION HOSPITALS, CALIFORNIA NOT-FOR PROFIT CORPORATIONS, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAVE A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS AS OF DECEMBER 31, 2002

EMPLOYER ID #	ENTITY NAME		DIRECT & INDIRECT % CONTROLLED BY KFHP, INC
<b>KAISER FOUNDATION HEALTH PLAN, INC IS AFFILIATED WITH THE FOLLOWING ENTITIES THAT ARE NOT EXEMPT FROM FEDERAL INCOME TAX</b>			
94-3245176	KAISER PERMANENTE INTERNATIONAL	*(2)	N/A
94-3292262	KAISER PERMANENTE VENTURES	*(2)	N/A
68-0444615	CARETOUCH, INC	*(2)	N/A
91-2166347	KP ONCALL, LLC	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%
N/A	HAMI - COLORADO, LLC	*(4)	N/A
94-3289704	KAIVEST I, LLC	*(5)	N/A

**NOTE \*(1)** KAISER FOUNDATION HOSPITALS, A CALIFORNIA NOT-FOR-PROFIT CORPORATION EXEMPT FROM INCOME TAX UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), SHARES A COMMON BOARD OF DIRECTORS WITH KAISER FOUNDATION HEALTH PLAN, INC

**NOTE \*(2)** THESE ENTITIES ARE SUBSIDIARIES OF KAISER FOUNDATION HOSPITALS

**NOTE \*(3)** KAISER PERMANENTE INSURANCE COMPANY IS A NON-EXEMPT PROPERTY AND CASUALTY INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK ARE OWNED BY KAISER FOUNDATION HEALTH PLAN, INC THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS

**NOTE \*(4)** HAMI - COLORADO, LLC - THE SOLE MEMBER OF THIS LIMITED LIABILITY COMPANY IS KAISER HOSPITALS ASSET MANAGEMENT, INC

**NOTE \*(5)** KAIVEST I, LLC - THIS CASH POOLING INVESTMENT FUND HAS THREE AFFILIATED MEMBERS KAISER FOUNDATION HEALTH PLAN OF COLORADO, KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST, and KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC

**THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS**

C/O KAISER FOUNDATION HEALTH PLAN, INC  
 PROGRAM OFFICE CONTROLLER'S DEPARTMENT - TAX  
 ONE KAISER PLAZA, 1650 ORDWAY  
 OAKLAND, CA 94612

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA**  
**56-1421313**  
**12/31/2002**

**STATEMENT ABOUT ACTIVITIES**  
**STATEMENT SCH A P III LN 2**  
**FORM 990, SCHEDULE A, PART III, LINE 2**

As reflected in Statement Line 80, Kaiser Foundation Health Plan of North Carolina (Health Plan) was affiliated with other entities, exempt and non-exempt. During the year, in the normal course of business in carrying out the exempt purpose of the organization, Health Plan may have entered into leases, the extension of credit, and/or the furnishing of services, goods, and/or facilities with these organizations. Health Plan may have also entered into these types of transactions with organizations whose officers were members of the Board of Directors of Health Plan, such transactions would have been at a price which is not less than cost nor more than fair-market-value.

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA  
56-1421313  
12/31/2002**

**STATEMENT ABOUT ACTIVITIES  
STATEMENT SCH A P III LN 3  
FORM 990, SCHEDULE A, PART III, LINE 3**

Health Plan generally was not a grant making organization and as such has not made any grants or charitable disbursements during the year of the nature contemplated in this question

**CONSENT TO APPORTIONMENT PLAN FOR TAXABLE INCOME BRACKETS  
BY CONTROLLED GROUP MEMBERS**

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1581(a)(1), WITH RESPECT TO THE TAXABLE INCOME BRACKETS AS ENUMERATED IN THE TAX TABLES AT IRC SECTION, 11(b), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION THAT INCLUDES DECEMBER 31, 2002

EMPLOYER TAX ID #	NAME AND ADDRESS	TAX FORM	Tax Bracket Allocations				
			First \$50,000 15%	Next \$25,000 25%	Next \$25,000 34%	Next \$235,000 39%	Next \$9,665,000 34%
<b>KAISER FOUNDATION HEALTH PLAN GROUP</b>							
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC	990-T	\$44,000	\$22,000	\$22,000	\$206,800	\$9,015,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE	NONE	NONE	NONE	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE	NONE	NONE	NONE	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY INC	990-T	NONE	NONE	NONE	NONE	NONE
58-1592078	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	990-T	NONE	NONE	NONE	NONE	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE	NONE	NONE	NONE	NONE
52-0954483	KAISER FOUNDATION HP OF THE MID-ATLANTIC STATES, INC	990-T	NONE	NONE	NONE	NONE	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE	NONE	NONE	NONE	NONE
23-7425488	COMMUNITY HEALTH PLAN	990-T	NONE	NONE	NONE	NONE	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	990-T	NONE	NONE	NONE	NONE	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE	NONE	NONE	NONE	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE	NONE	NONE	NONE	NONE
93-0480268	OHP	990-T	NONE	NONE	NONE	NONE	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE	NONE	NONE	NONE	NONE
03-0329780	OAK TREE ASSURANCE, LTD	1120-PC	NONE	NONE	NONE	NONE	\$300,000
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	\$8,000	\$3,000	\$3,000	\$28,200	\$350,000
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE	NONE	NONE	NONE	NONE
91-1814507	CHP COMPANIES INC	1120	NONE	NONE	NONE	NONE	NONE
94-3289704	KAIVEST I, LLC	1065	NONE	NONE	NONE	NONE	NONE
<b>KAISER FOUNDATION HOSPITALS GROUP</b>							
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE	NONE	NONE	NONE	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE	NONE	NONE	NONE	NONE
94-3245178	KAISER PERMANENTE INTERNATIONAL	1120	NONE	NONE	NONE	NONE	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE	NONE	NONE	NONE	NONE
68-0444615	CARETOUCH INC	1120	NONE	NONE	NONE	NONE	NONE
91-2168347	KP ONCALL, LLC (DISREGARDED ENTITY)	-	NONE	NONE	NONE	NONE	NONE
N/A	HAMI - COLORADO, LLC (DISREGARDED ENTITY)	-	NONE	NONE	NONE	NONE	NONE
<b>TOTAL OF EACH BRACKET ALLOCATED</b>			<b>\$50,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$235,000</b>	<b>\$9,665,000</b>

THE COMMON ADDRESS OF ALL ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT AS LISTED ABOVE IS

C/O KAISER FOUNDATION HEALTH PLAN, INC  
PROGRAM OFFICE CONTROLLER'S DEPARTMENT - TAX  
ONE KAISER PLAZA, 1650 ORDWAY  
OAKLAND, CA 94612

AUTHORIZATION CONSENT FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES

*Deborah Stokes*

DEBORAH STOKES, VICE PRESIDENT AND CONTROLLER OF  
KAISER FOUNDATION HEALTH PLAN, INC AND OF KAISER FOUNDATION HOSPITALS  
THE ULTIMATE PARENT CORPORATION AND/OR SOLE MEMBER OF EACH OF THE ABOVE  
ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT

**CONSENT TO APPORTIONMENT PLAN FOR ALTERNATIVE MINIMUM TAX EXEMPTION  
BY CONTROLLED GROUP MEMBERS**

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(3), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2002

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF \$40,000 EXEMPTION
<b><u>KAISER FOUNDATION HEALTH PLAN GROUP:</u></b>			
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC	990-T	\$40,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	990-T	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	990-T	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES INC	990-T	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	990-T	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE
93-0480268	OHP	990-T	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE
03-0329760	OAK TREE ASSURANCE, LTD	1120-PC	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE
91-1814507	CHP COMPANIES, INC	1120	NONE
94-3289704	KAIVEST I, LLC	1065	NONE
<b><u>KAISER FOUNDATION HOSPITALS GROUP:</u></b>			
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE
68-0444615	CARETOUCH, INC	1120	NONE
91-2166347	KP ONCALL, LLC (DISREGARDED ENTITY)	-	NONE
N/A	HAMI-COLORADO, LLC (DISREGARDED ENTITY)	-	NONE
	<b>TOTAL ALTERNATIVE MINIMUM TAX EXEMPTION</b>		<b><u>\$40,000</u></b>

THE COMMON ADDRESS OF ALL ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT AS LISTED ABOVE IS:

c/o KAISER FOUNDATION HEALTH PLAN, INC.  
PROGRAM OFFICE CONTROLLER'S DEPARTMENT-TAX  
ONE KAISER PLAZA, 1550 ORDWAY  
OAKLAND, CA 94612

CONSENT AND AUTHORIZATION FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES:



DEBORAH STOKES, VICE PRESIDENT AND CONTROLLER OF  
KAISER FOUNDATION HEALTH PLAN, INC AND OF KAISER FOUNDATION HOSPITALS  
THE ULTIMATE PARENT CORPORATION AND/OR SOLE MEMBER OF EACH OF THE ABOVE  
ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT