

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

1999

This Form is
Open to Public
InspectionDepartment of the Treasury
Internal Revenue ServiceUnder section 501(c) of the Internal Revenue Code (except black lung benefit
trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

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

A For the 1999 calendar year, OR tax year period beginning 1999, and ending

B Check if: <input checked="" type="checkbox"/> Change of address <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return (required also for state reporting)	Please use IRS label or print or type. See Specific Instruc- tions.	C Name of organization KAISER FOUNDATION HEALTH PLAN OF TEXAS C/O KAISER FOUNDATION HEALTH PLAN INC		D Employer identification number 75-1607081
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite ONE KAISER PLAZA 1550 ORDWAY		E Telephone number (510) 271-6385
		City or town, state or country, and ZIP + 4 OAKLAND, CA 94612		F Check <input type="checkbox"/> If exemption application is pending

G Type of organization ☒ Exempt under section 501(c) (3) (insert number) OR ☐ section 4947(a)(1) nonexempt charitable trust

Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H (a) Is this a group return filed for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	I If either box in H is checked "Yes," enter four-digit group exemption number (GEN) <input type="checkbox"/>
(b) If "Yes," enter the number of affiliates for which this return is filed: <input type="checkbox"/>	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual
(c) Is this a separate return filed by an organization covered by a group ruling? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Other (specify) <input type="checkbox"/>

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 it received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 15.)

Revenue	1 Contributions, gifts, grants, and similar amounts received:		
	a Direct public support	1a	
	b Indirect public support	1b	
	c Government contributions (grants)	1c	
	d Total (add lines 1a through 1c) (attach schedule of contributors)	1d	
	(cash \$ noncash \$)		
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2	1,720,480.
	3 Membership dues and assessments	3	
	4 Interest on savings and temporary cash investments	4	5,179,014.
	5 Dividends and interest from securities	5	
Revenue	6 a Gross rents	6a	
	b Less: rental expenses	6b	
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c	
	7 Other investment income (describe <input type="checkbox"/>)	7	
	8 a Gross amount from sales of assets other than inventory	(A) Securities (B) Other 8a	
	b Less: cost or other basis and sales expenses	8b	
	c Gain or (loss) (attach schedule)	8c	5,226,307.
	d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	5,226,307.
	9 Special events and activities (attach schedule)		
	a Gross revenue (not including \$ of contributions reported on line 1a)	9a	
b Less: direct expenses other than fundraising expenses	9b		
c Net income or (loss) from special events (subtract line 9b from line 9a)	9c		
Revenue	10 a Gross sales of inventory, less returns and allowances	10a	
	b Less: cost of goods sold	10b	
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	
	11 Other revenue (from Part VII, line 103)	11	
	12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	12,125,801.
	13 Program services (from line 44, column (B))	13	1,127,246.
	14 Management and general (from line 44, column (C))	14	2,023,347.
	15 Fundraising (from line 44, column (D))	15	
	16 Payments to affiliates (attach schedule)	16	
	17 Total expenses (add lines 16 and 44, column (A))	17	3,276,132.
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18	8,849,669.
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	-172,370,935.
	20 Other changes in net assets or fund balances (attach explanation) STMT. 1	20	-3,747,771.
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	-167,269,037.

For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

Form 990 (1999)

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Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 19.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule)				
	(cash \$ _____ noncash \$ _____)	22	NONE	NONE	
23	Specific assistance to individuals (attach schedule)	23	NONE	NONE	
24	Benefits paid to or for members (attach schedule)	24	NONE	NONE	
25	Compensation of officers, directors, etc.	25	125,539.	125,539.	
26	Other salaries and wages	26	528,294.	528,294.	
27	Pension plan contributions	27	44,488.	44,488.	
28	Other employee benefits	28	175,510.	175,510.	
29	Payroll taxes	29	8,756.	8,756.	
30	Professional fundraising fees	30	NONE	NONE	
31	Accounting fees	31	14,633.	14,633.	
32	Legal fees	32	170,224.	170,224.	
33	Supplies	33	259,525.	259,525.	
34	Telephone	34	9,351.	9,351.	
35	Postage and shipping	35	21,893.	21,893.	
36	Occupancy	36	48,337.	13,836.	34,501.
37	Equipment rental and maintenance	37	17,801.	NONE	17,801.
38	Printing and publications	38	-24,045.	NONE	-24,045.
39	Travel	39	53,706.	NONE	53,706.
40	Conferences, conventions, and meetings	40	NONE	NONE	NONE
41	Interest	41	38,485.	38,485.	NONE
42	Depreciation, depletion, etc. (attach schedule)	42	NONE	NONE	NONE
43	Other expenses (itemize): a STMT 2	43a	1,783,635.	890,068.	893,567.
	b	43b			
	c	43c			
	d	43d			
	e	43e			
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	3,276,132.	1,127,246.	2,148,886.

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____; (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See Specific Instructions on page 22.)What is the organization's primary exempt purpose? SEE STATEMENT 3

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)

a	SEE STATEMENT 3				
	(Grants and allocations \$	NONE)			1,127,246.
b					
	(Grants and allocations \$)			
c					
	(Grants and allocations \$)			
d					
	(Grants and allocations \$)			
e	Other program services (attach schedule)	(Grants and allocations \$)		
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)				1,127,246.

Part IV Balance Sheets (See Specific Instructions on page 22.)

Note: 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
45	Cash - non-interest-bearing	1,390,297.	45	180,411.
46	Savings and temporary cash investments	76,075,948.	46	29,190,934.
47a	Accounts receivable	47a -1,539,964.		
b	Less: allowance for doubtful accounts	47b NONE	47c	-1,539,964.
48a	Pledges receivable	48a		
b	Less: allowance for doubtful accounts	48b	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) SEE STATEMENT 4.	51a 34,728,333.		
b	Less: allowance for doubtful accounts	51b	51c	34,728,333.
52	Inventories for sale or use	1,528,698.	52	NONE
53	Prepaid expenses and deferred charges SEE STATEMENT 5.	978,465.	53	103,493.
54	Investments - securities (attach schedule)		54	
55a	Investments - land, buildings, and equipment: basis	55a		
b	Less: accumulated depreciation (attach schedule)	55b	55c	
56	Investments - other (attach schedule)		56	
57a	Land, buildings, and equipment: basis	57a NONE		
b	Less: accumulated depreciation (attach schedule)	57b NONE	57c	NONE
58	Other assets (describe SEE STATEMENT 6)	2,151,146.	58	2,830,562.
59	Total assets (add lines 45 through 58) (must equal line 74).	125,254,767.	59	65,493,769.
60	Accounts payable and accrued expenses	45,767,007.	60	7,453,040.
61	Grants payable		61	
62	Deferred revenue		62	
63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
64a	Tax-exempt bond liabilities (attach schedule)		64a	
b	Mortgages and other notes payable (attach schedule) STMT. 7.	220,847,159.	64b	220,847,159.
65	Other liabilities (describe SEE STATEMENT 8)	31,011,536.	65	4,462,607.
66	Total liabilities (add lines 60 through 65).	297,625,702.	66	232,762,806.
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	NONE	70	NONE
71	Paid-in or capital surplus, or land, building, and equipment fund	40,000,000.	71	43,201,894.
72	Retained earnings, endowment, accumulated income, or other funds	-212370935.	72	-210470931.
73	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).	-172370935.	73	-167269037.
74	Total liabilities and net assets/fund balances (add lines 66 and 73).	125,254,767.	74	65,493,769.

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 IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements ▶	a	3,276,132.
b	Amounts included on line a but not on line 17, Form 990:		
	(1) Donated services and use of facilities \$ _____		
	(2) Prior year adjustments reported on line 20, Form 990 \$ _____		
	(3) Losses reported on line 20, Form 990 \$ _____		
	(4) Other (specify): _____ _____ \$ _____		
	Add amounts on lines (1) through (4) . . ▶	b	
c	Line a minus line b ▶	c	3,276,132.
d	Amounts included on line 17, Form 990 but not on line a:		
	(1) Investment expenses not included on line 6b, Form 990 . . . \$ _____		
	(2) Other (specify): _____ _____ \$ _____		
	Add amounts on lines (1) and (2) . . ▶	d	
e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	3,276,132.

[illegible]

Form 990 (1999)

Part VI Other Information (See Specific Instructions on page 25.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity . . .	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? STMT. 9. If "Yes," attach a conformed copy of the changes	77	X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78 a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	78 b	X
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement STMT. 10.	79	X
80 a 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?	80 a	X
b If "Yes," enter the name of the organization SEE STATEMENT 16 AND 17 and check whether it is <input checked="" type="checkbox"/> exempt OR <input checked="" type="checkbox"/> nonexempt.		
81 a Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81 81 a NONE	81 a	NONE
b Did the organization file Form 1120-POL for this year?	81 b	N/A
82 a 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?	82 a	X
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.) 82 b NONE	82 b	NONE
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?	83 a	X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83 b	N/A
84 a Did the organization solicit any contributions or gifts that were not tax deductible?	84 a	X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84 b	N/A
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85 a	N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85 b	N/A
If "Yes" was answered 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.		
c Dues, assessments, and similar amounts from members 85 c NONE	85 c	NONE
d Section 162(e) lobbying and political expenditures 85 d NONE	85 d	NONE
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85 e NONE	85 e	NONE
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85 f NONE	85 f	NONE
g Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85 g	N/A
h 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?	85 h	N/A
86 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 86 a N/A	86 a	N/A
b Gross receipts, included on line 12, for public use of club facilities 86 b N/A	86 b	N/A
87 501(c)(12) orgs. Enter: a Gross income from members or shareholders 87 a N/A	87 a	N/A
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them) 87 b N/A	87 b	N/A
88 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	88	X
89 a 501(c)(3) organizations Enter: Amount of tax imposed on the organization during the year under: section 4911 NONE ; section 4912 NONE ; section 4955 NONE		
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	89 b	X
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 NONE		NONE
d Enter: Amount of tax on line 89c, above, reimbursed by the organization NONE		NONE
90 a List the states with which a copy of this return is filed TEXAS		
b Number of employees employed in the pay period that includes March 12, 1999 (See inst) 90 b 8	90 b	8
91 The books are in care of NATIONAL TAX DIRECTOR Telephone no. 510 271-6385 Located at ONE KAISER PLAZA 1550 ORDWAY, OAKLAND CA ZIP + 4 94612		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here 92 NONE and enter the amount of tax-exempt interest received or accrued during the tax year		

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 29.)

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a					
b SUPPLEMENTAL CHGS					9,373.
c NONPLAN/INDUSTRIAL	621491	131,900.			
d INTERREGIONAL REV			3	751,314.	
e MISCELLANEOUS			3	827,893.	
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments . . .					
95 Interest on savings and temporary cash investments .			14	5,179,014.	
96 Dividends and interest from securities . .					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property . .					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	5,226,307.	
101 Net income or (loss) from special events .					
102 Gross profit or (loss) from sales of inventory . .					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E)) . .		131,900.		11,984,528.	9,373.
105 Total (add line 104, columns (B), (D), and (E))					12,125,801.

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 30.)[illegible]**Part IX** Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 30.)

(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
	%			
	%			
	%			
	%			

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.

19-29-00
Date

DEBORAH STOKES, VICE PRESIDENT
Type or print name and title. AND CONTROLLER

Date	Check it	Preparer's SSN or PTIN
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**SCHEDULE A
(Form 990)**

Organization Exempt Under Section 501(c)(3)

OMB No. 1545-0047

(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.)

1999

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 TEXAS
C/O KAISER FOUNDATION HEALTH PLAN INC**

Employer identification number
75-1607081

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
<u>JAMES SIMPSON</u> ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612	CEO 40+HOURS	124,752.	13,150.	16,908.
<u>ELIZABETH SIMMS</u> ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612	FINANCIAL ANALYST 40+HOURS	62,243.	2,001.	NONE
<u>BERNADITE BARRINGER</u> ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612	CLAIMS MANAGER 40+HOURS	44,000.	6,114.	NONE

Total number of other employees paid over
\$50,000 ▶ 3

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
<u>COOPER & SCULLY</u> 900 JACKSON ST SUITE 100 DALLAS TX 75202	LEGAL SERVICES	1,021,090.
<u>GWIN & ROBY</u> 1201 ELM ST SUITE 4000 DALLAS TX 75270	LEGAL SERVICES	560,106.
<u>RESOURCES CONNECTION</u> 2200 ROSS AVE SUITE 1775 DALLAS TX 75201	ACCOUNTING SERVICES	339,832.
<u>LISTER ROBINSON</u> 7405 CALMAR CT FORTH WORTH TX 76112	LEGAL SERVICES	156,000.
<u>DELOITTE & TOUCHE LLP</u> 2200 ROSS AVE SUITE 1600 DALLAS TX 75201	AUDIT SERVICES	105,166.

Total number of others receiving over \$50,000 for
professional services ▶ 3

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990) 1999

Part III Statements About Activities

	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 ► \$ <u>NONE</u>	1	X
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.		
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. STATEMENT. 12.	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities?	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	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.	2e	X
3 Does the organization make grants for scholarships, fellowships, student loans, etc.?	3	X
4a Do you have a section 403(b) annuity plan for your employees?	4a	X
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. (See page 2 of the instructions.)	STMT 13	

Part IV Reason for Non-Private Foundation Status (See pages 2 through 4 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 4.)
- 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 in Part IV-A.)
- 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 4 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 4 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.

Calendar year (or fiscal year beginning in)	(a) 1998	(b) 1997	(c) 1996	(d) 1995	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 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	180030973.	213356001.	199670543.	215708778.	808766295.
18 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	5,816,863.	69,074.	6,482.	76,092.	5,968,511.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 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					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	185847836.	213425075.	199677025.	215784870.	814734806.
24 Line 23 minus line 17	5,816,863.	69,074.	6,482.	76,092.	5,968,511.
25 Enter 1% of line 23	1,858,478.	2,134,251.	1,996,770.	2,157,849.	
26 Organizations described in lines 10 or 11: a Enter 2% of amount in column (e), line 24 NOT APPLICABLE. ▶ 26a					
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1995 through 1998 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts ▶ 26b					
c Total support for section 509(a)(1) test. Enter line 24, column (e) ▶ 26c					
d Add. Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____ ▶ 26d					
e Public support (line 26c minus line 26d total) ▶ 26e					
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶ 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 to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year: (1998) <u>NONE</u> (1997) <u>NONE</u> (1996) <u>NONE</u> (1995) <u>NONE</u>					
b For any amount included in line 17 that was received from a nondisqualified person, attach a list 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.) 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: (1998) <u>NONE</u> (1997) <u>NONE</u> (1996) <u>NONE</u> (1995) <u>NONE</u>					
c Add. Amounts from column (e) for lines: 15 _____ 16 _____ 17 <u>808766295.</u> 20 _____ 21 _____ ▶ 27c <u>808766295.</u>					
d Add. Line 27a total <u>NONE</u> and line 27b total <u>NONE</u> ▶ 27d <u>NONE</u>					
e Public support (line 27c total minus line 27d total) ▶ 27e <u>808766295.</u>					
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e) ▶ 27f <u>814734806.</u>					
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ▶ 27g <u>99.2674 %</u>					
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ▶ 27h <u>0.7326 %</u>					
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1995 through 1998, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See page 4 of the instructions.)					

Part V**Private School Questionnaire** (See page 4 of the instructions.)(To be completed **ONLY** by schools that checked the box on line 6 in Part IV)**NOT APPLICABLE**

	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?	29	
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?	30	
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.)	31	
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
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?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities?	33h	
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
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.	34b	
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	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 6 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768)**NOT APPLICABLE**Check here ☐ **a** if the organization belongs to an affiliated group.Check here ☐ **b** if you checked "a" above and "limited control" provisions apply.**Limits on Lobbying Expenditures**

(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 - The lobbying nontaxable amount is -			
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	41		
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, you must 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 7 of the instructions.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in) ►	(a) 1999	(b) 1998	(c) 1997	(d) 1996	(e) Total
Lobbying nontaxable amount					
45 amount					
Lobbying ceiling amount					
46 (150% of line 45(e))					
47 Total lobbying expenditures					
Grassroots nontaxable amount					
48 amount					
Grassroots ceiling amount					
49 (150% of line 48(e))					
Grassroots lobbying expenditures					
50 expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 8 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:	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	NONE
d Mailings to members, legislators, or the public		X	NONE
e Publications, or published or broadcast statements		X	NONE
f Grants to other organizations for lobbying purposes		X	NONE
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	NONE
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	NONE
i Total lobbying expenditures (add lines c through h)			NONE

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

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

Yes	No
-----	----

(ii) Other assets	a(ii)	Y
-------------------	-------	---

(i) Sales or exchanges of assets with a noncharitable exempt organization	b(1)	Y
---	------	---

(ii) Purchases of assets from a noncharitable exempt organization	b(ii)	X
---	-------	---

(iii) Rental of facilities, equipment, or other assets	b(iii)	x
--	--------	---

(iv) Reimbursement arrangements	b(iv)	X
---------------------------------	-------	---

(v) Loans or loan guarantees	b(v)	X
------------------------------	------	---

(vi) Performance of services or membership or fundraising solicitations	b(vi)	X
---	-------	---

Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		x
--	---	--	---

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule:

JSA
9E1250 1.000

Application for Extension of Time To File Certain Excise, Income, Information, and Other Returns

OMB No. 1545-0148

► **File a separate application for each return.**

Please type or print. File the original and one copy by the due date for filing your return. See instructions.	Name	Employer identification number
	KAISER FOUNDATION HEALTH PLAN OF TEXAS	75-16070
	Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)	
	ONE KAISER PLAZA, 1550 ORDWAY	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	OAKLAND, CA 94612	

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

- 1 I request an extension of time until AUGUST 15, 2000, to file (check only one):

- | | | | |
|--|---|---|-----------------------------------|
| <input type="checkbox"/> Form 706-GS(D) | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 1120-ND (sec. 4951 taxes) | <input type="checkbox"/> Form 86: |
| <input type="checkbox"/> Form 706-GS(T) | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 3520-A | <input type="checkbox"/> Form 86: |
| <input checked="" type="checkbox"/> Form 990 or 990-EZ | <input type="checkbox"/> Form 1041 (estate) (see instructions) | <input type="checkbox"/> Form 4720 | <input type="checkbox"/> Form 87: |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 5227 | <input type="checkbox"/> Form 88: |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1042 | <input type="checkbox"/> Form 6069 | <input type="checkbox"/> Form 88: |

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

- 2a For calendar year 1999, or other tax year beginning _____ and ending _____
- b If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 3 Has an extension of time to file been previously granted for this tax year? ☐ Yes ☒ No
- 4 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 AND IT MUST
DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.
- 5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612,
8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. See instructions. \$ _____ N/
- b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and
estimated tax payments made. Include any prior year overpayment allowed as a credit \$ _____ N/
- c **Balance due.** Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD
coupon if required. See instructions \$ _____

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 correct and complete; and that I am authorized to prepare this form.

Signature ▶ Title ▶ VICE PRESIDENT/CONTROLLER Date ▶ 05/04/20

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant — To Be Completed by the IRS

- ☒ We **HAVE** approved your application. Please attach this form to your return.
- ☐ We **HAVE NOT** approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your 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 your return.
- ☐ We **HAVE NOT** approved your application. After considering the reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.
- ☐ We cannot consider your application because it was filed after the due date of the return for which an extension was requested.
- ☐ Other: _____
- EXTENSION APPROVED**

EXTENSION APPROVED

Director

BY

~~JUN 21 2000~~

Date _____

If you want a copy of this form to be returned to an address other than that shown above, please enclose the address and a self-addressed envelope. A copy should be sent.

RICHARD GREENER, DIRECTOR
OGDEN SUBMISSION PROCESSING CENTER

Please Type or Print	Name	OGDEN SUBMISSION PROCESSING CENTER
	N/A	
	Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)	
Print	City, town, or post office, state, and ZIP code. For a foreign address, see instructions.	00000

For Paperwork Reduction Act Notice, see back of form.

ISA
STF FED4663F

Form 2758 (Rev. 6-1-64)

COPY

**Application for Extension of Time To File
Certain Excise, Income, Information, and Other Returns**

OMB No. 1545-0148

► **File a separate application for each return.**

Please type or
print. File the
**original and one
copy** by the due
date for filing
your return. See
instructions.

Name

KAISER FOUNDATION HEALTH PLAN OF TEXAS

Employer identification number

75-1607081

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

ONE KAISER PLAZA, 1550 ORDWAY

City, town or post office, state, and ZIP code. For a foreign address, see instructions.

OAKLAND CA 94612

Note: Corporate income tax return filers must use **Form 7004** to request an extension of time to file. Partnerships, REMICs, and trusts must use **Form 8736** to request an extension of time to file **Form 1065, 1066, or 1041**.

1 I request an extension of time until **NOVEMBER 15, 2000**, to file (check only one):

☐ Form 706-GS(D)

☐ Form 990-T (sec. 401(a) or 408(a) trust)

☐ Form 1120-ND (sec. 4951 taxes)

☐ Form 8612

☐ Form 706-GS(T)

☐ Form 990-T (trust other than above)

☐ Form 3520-A

☐ Form 8613

☒ Form 990 or 990-EZ

☐ Form 1041 (estate) (see instructions)

☐ Form 4720

☐ Form 8725

☐ Form 990-BL

☐ Form 1041-A

☐ Form 5227

☐ Form 8804

☐ Form 990-PF

☐ Form 1042

☐ Form 6069

☐ Form 8831

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

2a For calendar year **1999**, or other tax year beginning _____ and ending _____

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

3 Has an extension of time to file been previously granted for this tax year? ☒ Yes ☐ No

4 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 AND IT MUST DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.**

5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. See instructions. \$ **NONE**

b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ **NONE**

c **Balance due.** Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD coupon if required. See instructions \$ **0**

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 ► *Richard Creamer* Title ► **VICE PRESIDENT/CONTROLLER** Date ► **08/8/2000**

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant — To Be Completed by the IRS

- ☒ We **HAVE** approved your application. Please attach this form to your return.
- ☐ We **HAVE NOT** approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your 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 your return.
- ☐ We **HAVE NOT** approved your application. After considering the reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.
- ☐ We cannot consider your application because it was filed after the due date of the return for which an extension was requested.
- ☐ Other: _____

EXTENSION APPROVED
AUG 18 2000

Director _____ By: *Richard Creamer* **RICHARD CREAMER, DIRECTOR**
Date _____

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please
Type
or
Print

Name

KAISER FOUNDATION HEALTH PLAN, INC.

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

ONE KAISER PLAZA, 1550 ORDWAY, PO CONTROLLERS DEPT. ATT: D.A. RUHL

City, town, or post office, state, and ZIP code. For a foreign address, see instructions.

OAKLAND CA 94612

RECEIVED
SEP 1 2000

COPY

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES
=====DESCRIPTION
-----AMOUNT

PRIOR PERIOD ADJUSTMENTS

3,747,771.

TOTAL

3,747,771.
=====

FORM 990, PART II - OTHER EXPENSES
=====

DESCRIPTION -----	TOTAL -----	PROGRAM SERVICES -----	MANAGEMENT AND GENERAL -----
PROFESSIONAL FEES/CONSULTING	781,208.	NONE	781,208.
NET SERVICE/FACILITIES RECHARG			
PROFESSIONAL/PUBLIC LIABILITY			
OTHER INSURANCE			
PROVISION FOR DOUBTFUL ACCOUNT			
STATE & LOCAL BUSINESS TAXES	665.	NONE	665.
EMPLOYEE DEVELOPMENT	3,507.	NONE	3,507.
PROPERTY, SALES & INCOME TAX			
BASIC MEDICAL CONTRACT SERVICE	101,344.	101,344.	NONE
IN/OUT OF AREA EMERGENCY CARE	14,060.	14,060.	NONE
COMMUNITY HOSPITAL SERVICES	101,027.	101,027.	NONE
OTHER MEDICAL CARE SERVICES	352,637.	352,637.	NONE
NON-MEDICAL OUTSIDE SERVICES	75,340.	NONE	75,340.
ADVERTISING & MARKETING	21,451.	NONE	21,451.
BROKERS COMMISSIONS			
INTERREGIONAL RECPROCITY	248,000.	248,000.	NONE
EMPLOYMENT TERMINATION COSTS	73,000.	73,000.	NONE
MISCELLANEOUS EXPENSES	11,396.	NONE	11,396.
TOTALS	1,783,635.	890,068.	893,567.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

=====

THE PRIMARY EXEMPT PURPOSE OF KAISER FOUNDATION HEALTH PLAN OF TEXAS ("HEALTH PLAN"), A TEXAS NOT-FOR-PROFIT CORPORATION ORGANIZED FOR THE PUBLIC BENEFIT AND EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAS BEEN TWO-FOLD. THE FIRST PURPOSE WAS TO PROVIDE A PROGRAM OF HEALTH CARE SERVICES AS A FEDERALLY QUALIFIED PREPAID DIRECT CARE GROUP PRACTICE HEALTH MAINTENANCE ORGANIZATION.

THE SECOND PRIMARY PURPOSE OF THE ORGANIZATION WAS THE OPERATION OF A CONSOLIDATED MEMBERSHIP ACCOUNTING SERVICE CENTER FOR PROCESSING MEMBERSHIP ACCOUNTS FOR THIS HEALTH PLAN AND FOR ORGANIZATIONS AFFILIATED WITH THE KAISER PERMANENTE MEDICAL CARE PROGRAM. ALL AFFILIATED MEMBERS OF THIS PLAN ARE ALSO TAX EXEMPT UNDER INTERNAL REVENUE CODE SECTION 501(C)(3). THE ORGANIZATION WAS REIMBURSED BY SUCH ORGANIZATIONS BASED ON THE NUMBER OF PLAN MEMBERS SERVED BY THE CENTER FOR EACH ORGANIZATION.

DURING 1998 THE ORGANIZATION SOLD ITS HEALTH CARE PROGRAM TO AN UNRELATED THIRD PARTY AND EFFECTIVE JANUARY 1, 1999 TRANSFERRED THE ASSETS, LIABILITIES AND OPERATING RESPONSIBILITIES FOR THE CONSOLIDATED SERVICE CENTER TO AN AFFILIATED TAX-EXEMPT ORGANIZATION. THE NEW SERVICE CENTER ORGANIZATION WILL CONTINUE TO OPERATE THE MEMBERSHIP ACCOUNTING SERVICES FOR THE AFFILIATED GROUP OF ORGANIZATIONS ON A BASIS SIMILAR TO THAT OFFERED BY THIS ORGANIZATION.

DURING THE CURRENT YEAR THE ORGANIZATION HAS BEEN IN THE PROCESS OF WINDING UP ITS AFFAIRS AND MEETING CERTAIN REQUIREMENTS OF THE STATE REGULATORY AGENCIES THAT GOVERN ITS AFFAIRS IN THE STATE OF TEXAS. WHEN ALL OBLIGATIONS OF THE ORGANIZATION HAVE BEEN SATISFIED AND APPROVAL HAS BEEN RECEIVED FROM THE APPROPRIATE STATE REGULATORY AGENCIES, THE ORGANIZATION WILL BE DISSOLVED UNDER AN APPROPRIATE PLAN OF LIQUIDATION AND DISTRIBUTION OF ITS REMAINING ASSETS IN ACCORDANCE WITH THE GOVERNING STATE LAW AND FEDERAL TAX PROVISIONS.

FORM 990, PART IV - OTHER NOTES AND LOANS RECEIVABLE

Borrower: SIERRA HEALTH SERVICES INC

ORIGINAL AMOUNT: 35,170,825.

DATE OF NOTE: 10/31/1998

MATURITY DATE: 10/31/2003

REPAYMENT TERMS: UNSECURED PAYABLE IN FIVE YEARS FROM DATE OF NOTE.

SECURITY PROVIDED: UNSECURED LOAN.

PURPOSE OF LOAN: BALANCE OF PURCHASE PROCEEDS FROM SALE OF ASSETS.

DESCRIPTION AND FMV OF CONSIDERATION: SALE OF FIXED ASSETS AND MEMBERSHIP ACCOUNTS ON DISCONTINUATION OF MEDICAL CARE PROGRAM.

BEGINNING BALANCE DUE 35,170,825.

ENDING BALANCE DUE 34,728,333.

TOTAL BEGINNING OTHER NOTES AND LOANS RECEIVABLE 35,170,825.

TOTAL ENDING OTHER NOTES AND LOANS RECEIVABLES 34,728,333.

FORM 990, PART IV - PREPAID EXPENSES AND DEFERRED CHARGES

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PREPAID EXPENSES	161,094.	3,493.
DEPOSITS & DEFERRED CHARGES	100,000.	100,000.
DEFERRED START-UP COSTS	717,371.	NONE
	-----	-----
TOTALS	978,465.	103,493.
	=====	=====

FORM 990, PART IV - OTHER ASSETS

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
LONG-TERM PENSION FUNDING	2,830,562.	2,830,562.
	-----	-----
TOTALS	2,830,562.	2,830,562.
	=====	=====

FORM 990, PART IV - MORTGAGES AND OTHER NOTES PAYABLE
=====

LENDER: KAISER FOUNDATION HEALTH PLAN
ORIGINAL AMOUNT: 166,427,836.
REPAYMENT TERMS: LOAN PAYABLE ON DEMAND WITH VARIABLE INTEREST RATE
SECURITY PROVIDED: UNSECURED INTER-ENTITY LOAN
PURPOSE OF LOAN: WORKING CAPITAL
DESCRIPTION AND FMV OF CONSIDERATION: WORKING CAPITAL ADVANCES IN THE FORM OF CASH AND/
OR BY CHARGES FOR STRATEGIC OPERATING SERVICES.

BEGINNING BALANCE DUE	220,847,159.
ENDING BALANCE DUE	220,847,159.

TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE	220,847,159..
	=====

TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE	220,847,159.
	=====

FORM 990, PART IV - OTHER LIABILITIES

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
WORKERS COMPENSATION LIABILITY	42,603.	42,603.
PROFESSIONAL/PUBLIC LIABILITY	30,968,933.	4,420,004.
	-----	-----
TOTALS	31,011,536.	4,462,607.
	=====	=====

FORM 990, PART VI - CHANGES TO ORGANIZING OR GOVERNING DOCUMENT
=====

PLEASE FIND A COPY OF THE AMENDED BY-LAWS OF THE ORGANIZATION WHICH ARE ATTACHED TO AND ARE MADE A PART OF THIS RETURN. THE BY-LAWS WERE AMENDED IN 1999 TO CHANGE THE DEFINIITION OF AN OFFICER OF THE ORGANIZATION.

FORM 990, PART VI - LIQUIDATION, DISSOLUTION, TERMINATION
=====

ON OCTOBER 31, 1998, KAISER FOUNDATION HEALTH PLAN OF TEXAS SOLD SUBSTANTIALLY ALL OF THE ASSETS OF THE HEALTH PLAN AND THE HEALTH CARE DELIVERY SYSTEM TO HMO TEXAS, L.C. AND CERTAIN OF ITS AFFILIATES. HMO TEXAS, L.C. IS A SUBSIDIARY OF SIERRA HEALTH SERVICES, INC. AND IS A TEXAS LICENSED FOR-PROFIT HEALTH MAINTENANCE ORGANIZATION THAT OPERATES AS A NETWORK MODEL HMO IN THE HOUSTON, TEXAS AREA. HMO TEXAS DESIRED TO EXPAND THEIR SERVICE AREA TO INCLUDE THE AREAS SERVED BY THIS TAX-EXEMPT ORGANIZATION. SIERRA HEALTH SERVICES, INC. IS A PUBLICLY TRADED CORPORATION WHICH OPERATES A GROUP AND NETWORK MODEL HMO IN NEVADA.

THIS ORGANIZATION ALSO OPERATED A MEMBERSHIP ACCOUNTING SERVICE CENTER FOR THE BENEFIT OF AFFILIATED MEMBERS OF THE KAISER PERMANENTE MEDICAL CARE PROGRAM. THE ASSETS, LIABILITIES AND OPERATING RESPONSIBILITIES OF THE SERVICE CENTER WERE TRANSFERRED TO AN AFFILIATED TAX-EXEMPT ORGANIZATION AS OF JANUARY 1, 1999.

AT THE TIME ALL OBLIGATIONS OF THE ORGANIZATION ARE SATISFIED AND STATE REGULATORY APPROVAL IS RECEIVED, THE ORGANIZATION WILL DISTRIBUTE ITS REMAINING ASSETS AS APPROPRIATE UNDER EXISTING STATE REQUIREMENTS AND FEDERAL TAX LAW AS PART OF ITS PLAN OF LIQUIDATION AND DISSOLUTION. AT WHICH TIME THE ORGANIZATION WILL CEASE TO EXIST.

FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES
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LINE NO. ---	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES -----
93B	SUPPLEMENTAL CHARGES - COPAYMENTS RECEIVED FROM OR ON BEHALF OF MEMBERS FOR HEALTH CARE COVERAGE UNDER THE FORMER HEALTH CARE PLAN OFFERED BY THE ORGANIZATION. INTERNAL REVENUE REGULATION 1.501(C)(3)-1.
93C	NONPLAN AND INDUSTRIAL REVENUE - REVENUE RECEIVED FROM NON- MEMBERS FOR HEALTH CARE SERVICES AND FROM OUTSIDE INSURERS FOR REIMBURSEMENT FOR HEALTH CARE SERVICES SUPPLIED TO MEMBERS FOR WORK-RELATED INJURIES. INTERNAL REVENUE REGULATION 1.501(C)(3)-1.
93D	INTERREGIONAL REVENUE - REVENUE RECEIVED FOR PROVIDING HEALTH CARE AND OTHER SERVICES TO MEMBERS OF AFFILIATED KAISER PERMANENTE MEDICAL CARE PROGRAM PLAN ORGANIZATIONS. INTERNAL REVENUE REGULATION 1.501(C)(3)-1.
93E	MISCELLANEOUS REVENUE - REVENUE FROM SETTLEMENT OF CLAIMS AND OTHER ACTIVITIES THAT ARE ATTRIBUTIBLE TO THE WINDING UP OF THE HEALTH CARE PROGRAMS PREVIOUSLY OFFERED BY THE ORGANIZATION. INTERNAL REVENUE REGULATION 1.501(C)(3)-1.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2A

RESPONSE FOR SCHEDULE A, PART III, QUESTIONS 2(A) TO 2(D):

IN THE ORDINARY COURSE OF CARRYING OUT THE EXEMPT PURPOSE OF THE ORGANIZATION, THE ORGANIZATION ENGAGES IN NUMEROUS COMMERCIAL TRANSACTIONS WITH OTHER ORGANIZATIONS WHOSE DIRECTORS AND/OR OFFICERS MAY ALSO BE DIRECTORS OR OFFICERS OF THIS ORGANIZATION. ALL OF THESE COMMERCIAL RELATIONSHIPS ARE ENTERED INTO IN THE ORDINARY COURSE OF BUSINESS AND INVOLVE TRANSACTIONS OF THE KIND REFERRED TO IN (A) THROUGH (D) OF QUESTION 2, REFERENCED ABOVE, AT RATES GENERALLY PREVAILING IN THE AREA FOR EQUIVALENT GOODS, SERVICES AND FACILITIES.

THE ORGANIZATION ALSO PAYS COMPENSATION TO ITS OFFICERS AND DIRECTORS AND EITHER PAYS FOR OR REIMBURSES THEM FOR CERTAIN EXPENSES INCURRED IN CONNECTION WITH THEIR DUTIES TO THE ORGANIZATION. SEE PART V, FORM 990 FOR A SCHEDULE OF COMPENSATION, BENEFITS, AND EXPENSE REIMBURSEMENTS PROVIDED TO OFFICERS AND DIRECTORS FOR THEIR SERVICES TO THE ORGANIZATION.

SCHEDULE A, PART III - EXPLANATION FOR LINE 4

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MOST OF THE ORGANIZATION'S DISBURSEMENTS RELATE TO WINDING UP THE AFFAIRS OF THE ORGANIZATION. THE ORGANIZATION IS NOT A GRANT-MAKING ORGANIZATION. THE ORGANIZATION PREVIOUSLY PROVIDED ITS SERVICES DIRECTLY TO THE MEMBERS OF THE COMMUNITY THROUGH ITS MOSTLY PREPAID HEALTH CARE PROGRAMS.

**FORM 990 PART I, LINE 8.C, COLUMN (B)
GAIN OR (LOSS) FROM SALES OF ASSETS OTHER THAN INVENTORY**

DESCRIPTION AND TO WHOM SOLD	DATE & HOW ACQ'RD	DATE SOLD	SALES PRICE	COST/ EXPENSE OF SALE	ACCUM DEPREC	GAIN OR (LOSS)
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ADJUSTMENTS TO GAINS REPORTED IN PRIOR YEAR:

The following adjustments were made to the adjusted basis and/or credits allowed to the buyer of the Health Plan assets and business.

The Sale was originally reported in the 1998 Form 990 as follows:

Sale of Health Plan Assets	10/31/98	<u>144,020,206</u>	<u>111,385,305</u>	<u>32,634,901</u>
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Adjustments in 1999 to Prior Year Sale:

OMP Rate Reconciliation Credit	0	(2,000,000)	2,000,000
OMP Rate Reconciliation due KFHP Credit	0	(1,800,000)	1,800,000
Premium Tax Unused Credit	0	(806,672)	806,672
PMAT Workers Compensation Reserve Credit	0	(650,000)	650,000
Post Sale Accruals Credit	0	(223,591)	223,591
Other Adjustments and Credits	0	(475,000)	475,000
Medical Supplies Inventory Credit	0	(46,718)	46,718
Premium Tax Prepaid/Offsets Debit	0	402,921	(402,921)
PMAT Serp - Reserve Increase Debit	0	275,000	(275,000)
Kaiser Maintenance Fees Due Debit	0	96,799	(96,799)
Pharmacy Inventory Debit	0	954	(954)
Total/Net Adjustment to Gain on Sale	<u>0</u>	<u>(5,226,307)</u>	<u>5,226,307</u>
Adjusted Net Gain on Sale of Health Plan Assets	<u>144,020,206</u>	<u>106,158,998</u>	<u>37,861,208</u>

RECAP OF NET GAIN/(LOSS)

Adjusted Net Gain on Sale of Health Plan Assets	37,861,208
Less - Previously Reported Gain on Sale of Health Plan Assets	<u>32,634,901</u>
Net Adjustment to Gain on Sale of Health Plan Assets	<u>5,226,307</u>

STATEMENT OF FIXED ASSETS AND DEPRECIATION

FORM 990 PART IV, LINE 57 - LAND, BUILDING AND EQUIPMENT,
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION; AND
PART II, LINE 42, COLUMN (B) - DEPRECIATION AND AMORTIZATION EXPENSE.

	COST		ACCUMULATED DEPREC/AMORT		1999
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	DEP/AMORT EXPENSE
HEALTH PLAN DIVISION:					
LAND	0	0	0	0	0
LAND IMPROVEMENTS	0	0	0	0	0
BUILDINGS	0	0	0	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
TOTAL HEALTH PLAN DIVISION	0	0	0	0	0
CONSOLIDATED SERVICE CENTER:					
LEASEHOLD IMPROVEMENTS	526,288	0	383,201	0	0
EQUIPMENT	4,230,092	0	2,222,033	0	0
TOTAL CONSOLIDATED SVC CTR	4,756,380	0	2,605,234	0	0
TOTALS TO:					
PART IV, LINE 57(A)	4,756,380	0			
PART IV, LINE 57(B)			2,605,234	0	
PART IV, LINE 57(C)	2,151,146	0			
PART II, LINE 42 COLUMN (B)					0

NOTE: EFFECTIVE JANUARY 1, 1999, THE ASSETS OF KAISER FOUNDATION HEALTH PLAN OF TEXAS ATTRIBUTABLE TO THE CONSOLIDATED SERVICE CENTER WERE TRANSFERRED TO CAMP BOWIE SERVICE CENTER, ALSO AN ORGANIZATION EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3). DURING 1998 THE HEALTH PLAN ASSETS WERE SOLD TO AN UNRELATED THIRD PARTY AS PART OF THE SALE OF THE MEDICAL CARE SERVICE PROGRAM TO THAT THIRD PARTY.

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 OF TEXAS, EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), IS A WHOLLY OWNED SUBSIDIARY OF KAISER FOUNDATION HEALTH PLAN, INC., A CALIFORNIA NOT-FOR PROFIT CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3).

EMPLOYER	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.
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SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC. THAT ARE EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3):

94-1340523	KAISER FOUNDATION HEALTH PLAN, INC.	100%
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%
75-1607081	KAISER FOUNDATION HEALTH PLAN OF TEXAS	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, I	100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%
23-7425486	COMMUNITY HEALTH PLAN	100%
06-0943948	KAISER FOUNDATION HEALTH PLAN OF CONNECTICUT, INC.	100%
13-2847437	KAISER FOUNDATION HEALTH PLAN OF NEW YORK	100%
04-2583575	KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS, INC.	100%
31-1573811	KAISER/GROUP HEALTH	100%
94-3299123	CAMP BOWIE SERVICE CENTER	100%
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC.	100%
93-0954562	KAISER HEALTH ALTERNATIVES	100%
94-1616359	KAISER FOUNDATION INTERNATIONAL	100%
93-0480268	OHP	100%
94-1265039	KAISER PERMANENTE ADVISORY SERVICES	100%
22-3038896	RIVERVIEW DAYCARE, INC.	100%

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

03-0329760	OAK TREE ASSURANCE, LTD.	100%
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC.	100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC.	100%
94-3259432	KAISER PROPERTIES SERVICES, INC.	100%
99-0242151	PERMANENTE SERVICES OF HAWAII, INC.	100%
91-1814507	CHP COMPANIES, INC.	100%
94-3295378	CHP INSURANCE AGENCY, INC.	100%
14-1688501	CHPS CORPORATION	100%
14-1685128	CAMPUS PLAZA 7, INC.	100%
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP.	100%
22-2973489	UPSTATE COMMUNITY SERVICES, INC.	100%

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 OF TEXAS, EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), IS A WHOLLY OWNED SUBSIDIARY OF KAISER FOUNDATION HEALTH PLAN, INC., A CALIFORNIA NOT-FOR PROFIT CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3).

EMPLOYER ID #	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.
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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

KAISER FOUNDATION HEALTH PLAN, INC. IS AFFILIATED WITH THE FOLLOWING ENTITIES THAT ARE NOT EXEMPT FROM FEDERAL INCOME TAX:

94-3245176	KAISER PERMANENTE INTERNATIONAL	*(2)	N/A
94-3292262	KAISER PERMANENTE VENTURES	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%

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 IS OWNED BY KAISER FOUNDATION HEALTH PLAN, INC. THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS.

THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS:

C/O KAISER FOUNDATION HEALTH PLAN, INC.
ONE KAISER PLAZA, 1550 ORDWAY
OAKLAND, CA 94612

COMPENSATION, BENEFITS AND REIMBURSEMENTS OF DIRECTORS AND OFFICERS

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

(A) NAME	(B) TITLE	(C) COMPENSATION		(D) BENEFITS		(E) REIMBURSEMENTS	
		TOTAL	ALLOCATE KFHP TX	TOTAL	ALLOCATE KFHP TX	TOTAL	ALLOCATE KFHP TX
<u>DIRECTORS OF THE ORGANIZATION</u>							
ROBERT M CRANE	DIRECTOR & CHAIRMAN	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
WILLIAM A GILLESPIE, MD	DIRECTOR	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
JAMES C NOVELL	DIRECTOR	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
CELISO D ORTIZ	DIRECTOR	102,378	51,189	20,380	10,190	2,428	1,214
KATHLEEN S SWENSON	DIRECTOR	458,889	4,589	29,181	292	107,648	1,076
SUBTOTAL FOR DIRECTORS		561,267	55,778	49,561	10,482	110,077	2,290
<u>OFFICERS AND KEY EMPLOYEES OF THE ORGANIZATION</u>							
JAMES C NOVELL	PRESIDENT	248,945	12,447	28,500	1,425	106,804	5,340
L DALE CRANDALL	EXECUTIVE VICE PRESIDENT	676,685	16,917	26,941	674	69,214	1,730
WILLIAM A GILLESPIE, MD	EXECUTIVE VICE PRESIDENT	492,055	4,821	32,668	327	126,135	1,261
ROBERT M CRANE	SENIOR VICE PRESIDENT	548,266	10,965	33,858	677	44,288	868
KIRK E MILLER	SENIOR VICE PRESIDENT	421,569	21,078	24,390	1,219	11,743	587
STEVEN R ZATKIN	SENIOR VICE PRESIDENT	343,242	3,432	25,707	257	28,530	285
SUBTOTAL FOR OFFICERS & KEY EMPLOYEES		2,730,761	69,761	172,064	4,579	386,712	10,090
TOTAL FOR DIRECTORS, OFFICERS & KEY EMPLOYEES		3,292,028	125,539	221,625	15,061	496,789	12,381

NOTE 1: THIS ORGANIZATION IS ONE OF THE ORGANIZATIONS LISTED ON THE STATEMENT IN THIS RETURN HEADED "RELATED AND CONTROLLED ENTITIES." THIS ORGANIZATION PARTICIPATES IN THE DIRECT SERVICE PREPAID HEALTH CARE PROGRAM COMMONLY REFERRED TO AS "THE KAISER PERMANENTE MEDICAL CARE PROGRAM" (MEDICAL CARE PROGRAM).

NOTE 2: COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT FOR CERTAIN EXPENSES OF DIRECTORS, OFFICERS AND KEY EMPLOYEES ARE PAID BY KAISER FOUNDATION HEALTH PLAN, INC. (KAISER) AND ARE ALLOCATED TO THE SPECIFIC MEMBER ORGANIZATIONS FOR WHICH THE INDIVIDUAL PERFORMS SERVICES. CERTAIN DIRECTORS, OFFICERS AND KEY EMPLOYEES PERFORM SERVICES FOR SEVERAL OF THE MEDICAL CARE PROGRAM MEMBER ORGANIZATIONS. BASED ON MANAGEMENT ANALYSIS AND IN A MANNER CONSISTED WITH THE ALLOCATION OF OTHER COMMON EXPENSES A COMPOSITE ALLOCATION OF APPROXIMATELY 24% OF COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSES IS ALLOCATED TO KAISER FOUNDATION HOSPITALS. THE BALANCE OF COMPENSATION, ETC IS THEN ALLOCATED TO KAISER FOUNDATION HEALTH PLAN, INC. AND ITS SUBSIDIARY GROUP MEMBERS BASED ON THE PERCENTAGE OF HEALTH PLAN MEMBERSHIP TO THE TOTAL MEMBERSHIP OF ALL KAISER PERMANENTE ORGANIZATIONS. FOR THOSE INDIVIDUALS ASSIGNED TO A SPECIFIC ENTITY OR GROUP OF ENTITIES, THEIR COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSE ARE ALLOCATED DIRECTLY TO THE ENTITY BASED ON A RATIO OF THE MEMBERSHIP OF THE ENTITY TO THE TOTAL MEMBERSHIP OF THE GROUP OF ENTITIES TO WHICH THEY ARE ASSIGNED.

NOTE 3: THE AMOUNTS REPORTED ABOVE FOR REIMBURSEMENT OF EXPENSE INCLUDE SUCH ORDINARY AND NECESSARY EXPENSES AS TRAVEL, TRANSPORTATION, LODGING, MEALS, BUSINESS MEETINGS, CONFERENCES AND OTHER ROUTINE EXPENDITURES FOR WHICH THE INDIVIDUAL ACCOUNTS TO THE EMPLOYER ORGANIZATION AND IS REIMBURSED ON A SPECIFIC EXPENDITURE BASIS

NOTE 4: THE ABOVE LISTED INDIVIDUAL OFFICERS AND KEY EMPLOYEES ARE SCHEDULED TO WORK A MINIMUM OF 40 HOURS PER WEEK IN THEIR RESPECTIVE POSITIONS.


NOTE 5: THE ABOVE LISTED DIRECTORS, OFFICERS AND KEY EMPLOYEES CAN BE CONTACTED C/O:
KAISER FOUNDATION HEALTH PLAN, INC.
ONE KAISER PLAZA, 1550 ORDMAN
OAKLAND, CALIFORNIA 94612

KAISER FOUNDATION HEALTH PLAN OF TEXAS,

BYLAWS CERTIFICATE

I, the undersigned, Victoria B. Zatkan, Assistant Secretary of Kaiser Foundation Health Plan of Texas, a Texas nonprofit corporation, do hereby certify that the attached is a true and correct copy of the Bylaws of Kaiser Foundation Health Plan of Texas, and I do further certify that the attached Bylaws have not been altered, amended or revoked, and are, at the date of this Certificate, in full force and effect.

Executed this 22nd day of August, 2000.


Victoria B. Zatkan
Assistant Secretary

KAISER FOUNDATION HEALTH PLAN OF TEXAS
Revisions to Bylaws

4/20/82	Directors = 11 Adopt Revised Bylaws - (No copy in Min. Book, not in Vault Agendas) Name Change to KFHP - Texas KFHP, Inc. is The Member
10/25/83	§ C-2 Directors = 12; Member Elects § C-3 re Vacancies § G-2 re Manner of Amendment
11/30/94	Board of Directors of KFHP of Texas approved amended and restated Bylaws.
12/6/94	Board of Directors of KFHP, Inc. approved amended and restated Bylaws
7/6/99 – approved by written consent of Board	Article E, Officers Section, amended to change definition of corporate officer. <u>Effective as of 1/1/99.</u>

BYLAWS OF
KAISER FOUNDATION HEALTH PLAN OF TEXAS

ARTICLE A

PURPOSES

Section A-1. Principal Purpose.

This corporation exists for the principal purpose of establishing and maintaining a nonprofit comprehensive, predominately prepaid, direct service health care plan at reasonable cost for members of the public, without regard to sex, race, religion or national origin.

Section A-2. Related Purposes.

This corporation's related purposes are to promote and encourage the advancement and improvement of the nation's health care delivery system, with special emphasis on organizing and providing health care services on a cost-effective basis; to participate in activities designed and carried on to promote the community's general health; and, subject to Sections A-3 and A-4, to support such other charitable, scientific, educational and hospital endeavors as the corporation may deem advisable.

Section A-3. Nonprofit Character.

This corporation is a nonprofit corporation and is not organized for the private gain of any person. This corporation is organized for, and its assets are irrevocably dedicated to, public and charitable purposes. The corporation does not and shall not have the power to distribute gains, profits or dividends to its Directors or officers, and no part of its net earnings shall inure

to the benefit of any Director or officer of the corporation or to any other individual, but the corporation may compensate Directors and officers for the reasonable value of goods or services that they furnish to the corporation.

Section A-4. Disposition of Assets on Liquidation or Dissolution.

Upon the corporation's liquidation or dissolution, the Board of Directors shall, after paying or adequately providing for the corporation's liabilities, distribute the corporation's assets to one or more organizations exempt from tax under §501(c)(3) of the Internal Revenue Code of 1986 or any amendment or successor thereto. The corporation's assets may not be distributed so as to inure directly or indirectly to the benefit of any Director or officer of the corporation, or to any other individual, or to any corporation, trust or organization whose net earnings inure to the benefit of any individual.

Section A-5. Nondiscrimination.

This corporation, in the operation of its nonprofit comprehensive health care plan and related activities, shall conduct its activities and shall offer its services and benefits to all persons equally, without discrimination because of race, color, religion, sex, or national origin, and shall take affirmative action to maintain equality in such matters.

ARTICLE B

OFFICES

Section B-1. Principal Office.

The principal office of this corporation shall be located at 12720 Hillcrest Road, Dallas, Dallas County, Texas. The Board of Directors may change the location of the principal office at any time.

Section B-2. Other Offices.

This corporation may at any time establish other offices at such place or places as the Board of Directors may designate.

ARTICLE C

MEMBER

Article C-1. Status of Membership.

Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation, is the sole member of this corporation.

Section C-2. Changes in Membership.

Changes in membership may be effected in such manner as the member shall determine. Only the member has the power to make changes in membership.

Section C-3. Termination.

All rights, powers and privileges incident to membership shall cease upon termination of membership.

Section C-4. Dues, Assessments and Liabilities.

No member of this corporation shall be subject to any charge for dues or assessments, nor shall any member be in any way liable for any debt, liability or obligation of the corporation.

Section C-5. Meetings.

There shall be an annual meeting of the member on the second Tuesday of March at 8:30 a.m. or such other time as shall be designated in a written notice. Meetings of the member shall be governed by Section D-5, relating to meetings of Directors, except that

meetings of the member shall be held upon not less than ten days' nor more than sixty days' notice by first class mail.

Section C-6. Other Action by Member.

The member may, by unanimous written consent, take any action which the members of a Texas nonprofit corporation are permitted to take without a meeting, and any action so taken shall have the same effect as, and be in all respects as valid as, action taken at a meeting duly held.

Section C-7. Power and Authority of Member.

The member shall have the maximum power and authority now or hereafter provided or permitted under Texas law to members of Texas nonprofit corporations, except that all such powers shall be exercised consistent with, and in furtherance of, the irrevocable dedication of the assets of this corporation to the purposes specified in Article A of these Bylaws.

ARTICLE D
DIRECTORS

Section D-1. Power and Authority of Directors.

Subject to all restrictions stated in the Articles of Incorporation and this Section D-1 and elsewhere in these Bylaws, (A) all corporate powers shall be exercised by or under the authority of the Board of Directors, and the Board of Directors shall control the business and affairs of the corporation, and (B) the Board shall have the maximum power and authority now or hereafter provided or permitted under Texas law to directors of Texas nonprofit corporations, acting as a board, except that all such powers shall be exercised consistent with, and in furtherance of, the irrevocable dedication of the assets of this corporation to the purposes specified in its Articles of Incorporation and in these Bylaws.

The following powers of the corporation are illustrative only, and shall not be construed, except where stated in this Section and elsewhere in these Bylaws, as constituting or implying any limitation upon powers exercisable by the Board of Directors or the corporation. Subject to the foregoing, the corporation shall have power to:

- (a) Commence, conduct and defend legal proceedings;
- (b) Adopt, use and alter a corporate seal, but failure to affix a seal shall not affect the validity of any act or instrument of the corporation;
- (c) Adopt or amend Bylaws to the extent and in the manner provided in Section H-3;
- (d) Select, remove and prescribe powers and duties of officers, agents and employees, and require security for faithful service; provided however, that removal of the

Chairman of the Board or the President shall require the affirmative vote of the member;

(e) Qualify to conduct, and conduct activities anywhere in the world;

(f) Acquire, hold, lease, encumber, convey, exchange, transfer upon trust, or otherwise dispose of real and personal property anywhere in the world, and receive and accept inter vivos or testamentary gifts of real or personal property, or both, except that the sale, lease, exchange, or other disposition of, the mortgage, pledge or dedication to the repayment of indebtedness (whether with or without recourse), or any other encumbrance of property of the corporation, or the acquisition of assets, whether or not in the usual or regular course of the corporation's activities, where the fair market value of such corporate property or assets being disposed of, acquired or encumbered exceeds 10% of the value of the assets of the corporation as reflected in the most recent annual or quarterly financial statements that are available on the date immediately preceding the date of the relevant transaction shall in addition require the affirmative vote of the member;

(g) Borrow money, contract debts and issue bonds, debentures, notes or other evidences of indebtedness therefor, and secure the performance of obligations by mortgage or otherwise;

(h) Acquire, subscribe for, hold, own, pledge and otherwise dispose of and represent shares of stock, bonds and securities of any other corporation, domestic or foreign;

(i) Purchase or acquire its own bonds, debentures or other evidences of its indebtedness or obligations;

(j) Make donations for charitable purposes;

(k) Act as trustee under any trust incidental to the principal purposes of

the corporation, and receive, hold, administer and expend funds and property subject to such trust;

(l) Participate with others in any partnership, joint venture or other association, transaction or arrangement of any kind, whether or not such participation involves sharing or delegation of control with or to others;

(m) Enter into any contracts, assume any obligations or do any other acts incidental to the conduct of corporate affairs or the attainment of corporate purposes;

(n) Do all other acts necessary or expedient for administration of the affairs and attainment of the purposes of the corporation.

Section D-2. Number.

There shall be not less than five nor more than eleven Directors, as determined by resolution of the member.

Section D-3. Vacancies.

A vacancy shall exist whenever a Director resigns, for any reason becomes unable to serve, is not re-elected as provided in Section D-4, or is removed by the member at a meeting of the member's Board of Directors, provided that the notice of the meeting of the member's Board of Directors indicates the purpose of the meeting. Any Director may be removed by the member, at any time, either with or without cause, and all vacancies in the Board of Directors shall be filled by the member.

Section D-4.

Election, Term of Office and Removal of Directors.

Directors shall be elected by the member at the annual meeting of the member in 1995 and every third year thereafter for a term of office which shall end at the later of the annual meeting of the member in the third year following their election or when their successors are elected, except that in any event the term of a Director shall end on December 31 of the year in which he or she attains age 70. Any vacancy may be filled only by the member. Each Director shall hold office until the end of his or her term, or until he or she shall resign, become unable to serve as a Director, or be removed in accord with Section D-3.

Section D-5.

Meetings.

(a) Place of Meetings. Meetings shall be held at the place specified in the notice of the meeting or at such place as the Board of Directors shall designate by resolution or unanimous written consent, but unless another place shall be so designated, all meetings shall be held at the principal office referred to in Section B-1.

(b) Call of Meetings. Meetings of the Board of Directors may be called at any time by the Chairman of the Board or by any two Directors.

(c) Notice. Notice of all regular or special meetings shall be mailed, telegraphed, or personally delivered to each Director and to the member, at his, her or its usual business address. Notice of special meetings shall include a description of each matter of business to be conducted at the meeting. Notice of a meeting need not be given to the member or any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such

Director.

(d) Proof of Notice. A statement showing service of any notice pursuant to Section D-5(c) may be entered in the minutes of the meeting, and such entry shall be conclusive evidence that notice was duly given. Any waiver, consent or approval given in lieu of regular notice shall be entered in the minutes of the meeting.

(e) Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of business. Directors present at a meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

(f) Meetings Without Notice. If all Directors are present at any meeting, or if a quorum is present and all Directors not present either (1) sign a waiver of notice of such meeting, or a consent to the holding thereof, whether prior to or after the meeting, or (2) approve the minutes thereof, the transactions of such meeting shall be as valid as if conducted at a meeting regularly noticed.

(g) Adjourned Meetings. A majority of the Directors present at any meeting, although less than a quorum, may adjourn the meeting from time to time, without further notice, until a quorum shall attend.

Section D-6. Action Without a Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Directors. Such written consent or consents shall be filed with the

minutes of the proceedings of the Board.

Section D-7. Meeting by Telephone.

A Director may participate in a meeting of the Board of Directors by means of a conference telephone or similar communication equipment enabling all Directors participating in the meeting to hear one another at the same time; participation in such a meeting shall constitute presence in person at such meeting.

ARTICLE E

OFFICERS

Section E-1. Officers.

The officers of this corporation shall be a Chairman of the Board, a President, one or more Executive or Senior Vice Presidents, a Secretary, and a Chief Financial Officer. These shall be the only officers of the corporation. The Chairman of the Board or the President may assign such other titles as may be appropriate to other individuals, including the title of Vice President; but such other individuals shall not be corporate officers. One person may hold two or more offices, except that the same person may not be both President and Secretary.

Section E-2. Election and Term of Office.

Except for the Chairman of the Board and the President, who shall be elected by the member, each officer shall be elected by the Board of Directors at the first regular Board meeting each year or at any other meeting of the Board for a term of office which shall end at the first Board meeting the following year, or for such other term as the Board of Directors may specify, or until he or she shall resign or is not re-elected as provided in this section.

Section E-3. Subordinate Officials.

The Chairman of the Board or President may appoint or delegate authority to appoint such other officials as the needs of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the appointing officer, pursuant to authority conferred by the Board of Directors, may from time to time determine.

These officials shall not be officers of the corporation. Such officials holding the title of Vice President shall have authority to sign contracts and other documents on behalf of the corporation.

Section E-4. Removal and Resignation.

Any officer may be removed, at any time, either with or without cause, by the Board of Directors, except that removal of the Chairman of the Board or the President shall require the affirmative vote of the member. Except for officers chosen directly by the Board of Directors, any officer may be removed, either with or without cause, by any person authorized to appoint such officer, or by any person upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice, or at any later time specified therein; unless otherwise specified therein, a resignation shall be effective without express acceptance.

Section E-5. Vacancies.

A vacancy in any office because of death, resignation, removal, inability or disqualification to serve, or otherwise, shall be filled in the manner provided in the Bylaws for election or appointment to such office.

Section E-6. Chairman of the Board.

The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such other powers and duties as the Board of Directors shall designate or the Bylaws may provide.

Section E-7. President.

Subject to the direction of the Board of Directors, the President shall have the general powers and duties of management usually vested in the office of president of a corporation as well as such other powers and duties as the Board of Directors shall designate or as the Bylaws may provide. If there is not a Chairman of the Board of Directors in office and then acting, or if the Chairman of the Board is absent or disabled, the President shall perform all of the duties of the Chairman of the Board, and when so acting shall have the powers of, and be subject to the restrictions upon, the Chairman of the Board, as prescribed in the Bylaws or by the Board of Directors.

The President shall have primary responsibility for carrying out the policies and supervising and controlling the personnel, programs and activities of the corporation. The President shall prepare budgets for, and otherwise report to the Board of Directors, regarding the projects and activities of the corporation and the execution of the policies adopted by the Board of Directors.

Section E-8. Executive or Senior Vice President.

Each Executive or Senior Vice President shall assist the President in the performance of his or her duties. In the absence or disability of the President, the Executive Vice President, if one is designated by the Board, or in the absence of such designation, the Senior Vice

Presidents in order of their rank as fixed by the Board of Directors, shall perform the duties of the President, and when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. Each Executive or Senior Vice President shall have such other powers and duties as the Board of Directors shall designate or as the Bylaws may provide.

Section E-9. Secretary.

The Secretary shall be responsible for keeping a book of minutes at the principal office of the corporation as specified in Section B-1, or at such other place as the Board of Directors shall designate, of all meetings and all formal actions of the Board of Directors. Minutes of meetings shall reflect: the time and place of the meetings; whether they were held pursuant to notice, waiver or consent; if they were held pursuant to notice, the notice given; the names of persons present; the business transacted, and such other matters as the Board of Directors shall designate.

The Secretary shall be responsible for giving notice of meetings as required by the Bylaws. He or she shall maintain safe custody of the seal, shall make certificates and authenticate documents reflecting actions of the corporation as may be required or desirable, and shall have such other powers and perform such other duties as the Board of Directors shall designate or as the Bylaws may provide. Subject to the supervision of the Secretary, any Assistant Secretary may perform all or any part of the duties of the Secretary.

Section E-10. Chief Financial Officer.

The Chief Financial Officer shall supervise banking relations, including the handling,

depositing and disbursing of all funds. The Chief Financial Officer shall render to the President and to the Board of Directors, on request, an account of his or her transactions as Chief Financial Officer and of the financial condition of the corporation. The Chief Financial Officer shall have such other powers and perform such other duties as the Board of Directors shall designate or as the Bylaws may provide. Subject to the supervision of the Chief Financial Officer, any other official may perform all or any part of the duties of the Chief Financial Officer.

ARTICLE F
COMMITTEES

Section F-1. Provision for Committees.

The corporation shall have an Executive Committee and such other committees as the Board of Directors may appoint to advise and assist the Board of Directors in managing the corporation's affairs.

Section F-2. Action Without a Meeting.

(a) By Unanimous Consent. Any action required or permitted to be taken by a committee of the Board of Directors may be taken without a meeting if all members of the committee individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the committee. Such written consent or consents shall be filed with the minutes of the proceedings of the committee.

(b) By Telephone. Meetings of committees may be held by telephone. A Director may participate in a meeting of a committee by means of a conference telephone or similar communication equipment enabling all Directors participating in the meeting to hear one another at the same time; participation in such a meeting shall constitute presence in person at such meeting.

Section F-3. Executive Committee.

(a) Composition. The Executive Committee shall consist of three Directors, who shall

be selected by the Board of Directors, and who shall continue as members of the Executive Committee at the pleasure of the Board.

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

1. Adopt, amend or repeal Bylaws.
2. Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable.
3. Elect, appoint or remove Directors, designate committees of the Board of Directors or fill vacancies in the Board of Directors or in any such committee.
4. Dissolve, merge or consolidate the corporation.
5. Adopt, amend or repeal Articles of Incorporation.
6. Sell, lease, pledge, transfer or exchange all or substantially all of the property of the corporation.
7. Fix compensation of Directors for serving on the Board or on any committee.
8. Authorize any direct or indirect transfer of money or other property or incur any indebtedness to or for the benefit of the member or the Directors or officers of the corporation or to or for the benefit of

transferees in liquidation (other than creditors of the corporation).

9. Take any other action which the Board of Directors is not authorized to take.

(c) Conduct of Business. A quorum of the Executive Committee shall consist of two committee members. The Executive Committee shall report to the Board of Directors regarding its actions and decisions.

Section F-4.

Other Committees.

The Board of Directors may establish such other committees, of such composition and with such duties, authority and manner of conducting business, as the Board may from time to time deem advisable. Each such committee shall consist of two or more Directors, who shall be selected by the Board of Directors.

ARTICLE G

MISCELLANEOUS

Section G-1. Inspection of Corporate Records.

The books of account, minute book and records of committee actions and proceedings shall be open to inspection upon written demand by any Director or member at any reasonable time and for any purpose reasonably related to his, her or its interests as a Director or member. Such inspection may be made in person, or by any agent or attorney designated by the Director or member, and shall include the right to make extracts and copies. Demands for inspection may be presented to the Board of Directors at any meeting, or to the President or Secretary, or if such demand relates to the books of account, to the Controller. Each such demand may be granted by the officer to whom it is presented, but unless so granted, shall be referred by such officer to the Board of Directors.

Section G-2. Execution or Endorsement of Checks.

All checks, drafts or other orders for payment of money, and notes or other evidences of indebtedness issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons, and in such manner, as the Board of Directors shall from time to time by resolution determine.

Section G-3. Execution of Contracts.

The Board of Directors may authorize any officer or officers and any agent or agents to enter into any contract or execute any instrument in the name of, and on behalf of, the corporation, and such authority may be general or limited to specified instances. No officer,

agent or employee shall have any power or authority to bind or obligate the corporation by any commitment, contract or engagement, or to pledge its credit or render it liable for any purpose or in any amount unless duly authorized by the Board of Directors.

Section G-4. Bylaws, Minutes and Membership Records.

The original or a certified copy of the Bylaws, together with all amendments thereto, and the minute book shall be kept at the principal office of the corporation referred to in Section B-1 and shall be subject to inspection as provided in Section G-1.

Section G-5. Representation of Shares of Other Corporations.

The President or any Vice President, acting together with the Secretary or any Assistant Secretary of this corporation, are authorized to vote, represent and exercise on behalf of this corporation all rights incident to any and all shares of stock of any other corporation or corporations which may be owned by or stand in the name of this corporation, and such authority may be exercised by such officers in person or by any person authorized by proxy or power of attorney duly executed by such officers.

Section G-6. Fiscal Year.

The fiscal year of this corporation shall be the calendar year.

Section G-7. Indemnification of Directors, Officers, Employees and the Member.

The corporation shall indemnify Directors, officers, employees and the member of the corporation to the fullest extent permitted by Texas law.

Section G-8. Insurance.

To the extent permitted by law, the corporation shall have the power to purchase and maintain insurance on behalf of any Director, officer or employee of the corporation against

any liability asserted against and incurred by such person in his or her official capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify that person under the provisions of Section G-7.

Section G-9. Annual Report.

No annual report shall be required in connection with the activities of the corporation except as required by Texas law.

ARTICLE H

AMENDMENT AND EFFECT OF BYLAWS

Section H-1. Previous Bylaws Superseded.

These amended Bylaws supersede the previous Bylaws of this corporation and all amendments thereto.

Section H-2 Effect of Bylaws.

These Bylaws are in all respects subordinate to, and shall be controlled by, applicable provisions of the laws of the State of Texas, other applicable laws, and the Articles of Incorporation of this corporation. Except as these Bylaws may be inconsistent with said laws and Articles, they shall regulate the conduct of the business and affairs of this corporation with respect to all matters to which they relate.

Section H-3. Manner of Amendment.

These Bylaws may be amended by a majority vote of the Board of Directors provided a quorum of the Board is present and voting, except that Articles C, D and H of these Bylaws may be amended only by the member.