

*An Open Letter to UC Nurses from Judy Boyette, Associate Vice President,
Systemwide Human Resources and Benefits*

July 19, 2005

Dear Colleague:

In light of all the information about pension benefits you have received over the last several weeks from various sources, including the California Nurses Association, I felt it necessary to write to you personally to be sure you are very clear about the security of your pension benefits, now and in the future.

We realize that because of all the talk in Sacramento about changes to public pension plans, and the well-publicized troubles some companies have had with their pension systems, our employees have started to wonder if their pensions are secure.

As you may know, in its negotiations with CNA, UC has given the union a written guarantee that there will be no changes in the pension benefits structure for the life of the proposed contract. UC has also clearly acknowledged that any potential future reductions in pension benefits proposed by UC must be negotiated with the union.

We realize that many employees, especially those that are planning to retire in the near future, are worried about the security of their pension benefits. Let me reassure you that we have no intention of reducing accrued benefits to our current employees. In other words, you will receive everything you've earned to date when you retire.

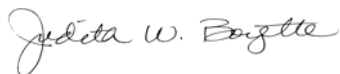
UC is in an envious position of having one of the best funded public pension plans in the country. UC's careful and prudent planning for the future funding of the plan will determine our ability to continue to offer the great retirement benefits our employees have come to expect.

UC employees, including nurses have not had to contribute to the pensions for almost 15 years, which has been a tremendous advantage to employees, and to the University in recruiting and retaining quality personnel. At the same time, it is unrealistic to expect this trend to continue indefinitely. Accordingly, we have begun looking at options for reinstating employer and employee contributions, and potential changes to the plan for future employees that will allow us to continue to offer the best benefits we can while ensuring the long-term health of the plan for all our existing pension plan members. We are in the early stages of this process and no final decisions have been made.

One thing we do know for certain is that our people are the core of the University's success and that providing for your retirement remains a top priority for us.

Lastly, I would like to take this opportunity to thank you for helping to make UC a leader in delivering world renown patient care. You and the other 9,000 UC nurses play a critical role within our medical and student health centers and we value highly your many contributions, your dedication to patients and to your profession, and making the University of California your employer of choice.

Sincerely,



Judith W. Boyette
Associate Vice President
Human Resources and Benefits