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CLIENT/MATTER NUMBER
085437-2046, 2047

May 4, 2010

Peter D. Nussbaum
Altshuler, Berzon LLP
177 Post Street, Suite 300
San Francisco, CA 94108

Re: CRONA's April 28, 2010 Proposal

Dear Mr. Nussbaum:

As they said they would, the Hospitals have reviewed the proposal submitted by CRONA through the Federal Mediator on April 28, 2010. They had informed CRONA that if the proposal was within the parameters of our Last, Best & Final Offers, they would most certainly return to the table to wrap thing up, but if not, they saw no reason to meet.

When the Hospitals presented their Last, Best & Final Offers, I tried to impress upon CRONA that they were just that – that the Hospitals were not holding anything back. We were even told by you at the table that, despite your experiences elsewhere, you heard what was said both across the table and in the letter from the CEOs which was read at the time, and that CRONA would treat the proposals as the Hospitals' Last, Best & Final Offers.

Unfortunately, CRONA apparently has not done so, and it should come as no surprise that the Hospitals now reject the package proposals. When I was advised by the mediator that CRONA was going to submit a proposal, the Hospitals held out hope that it would allow us to reach agreement, and on the promising side, CRONA did accept in its package proposal the wage proposal and structure in their Last, Best & Final Offers which were developed to handle transitioning to the new PNDP. The Hospitals also acknowledge that CRONA did accept some other aspects of their Last, Best & Final Offers.

However, many portions of CRONA's proposal are not within the parameters of the Last, Best & Final Offers. Several are unchanged from those made earlier in negotiations, and are proposals which the Hospitals have already rejected, some repeatedly. Others, though modified in part, still contain aspects which are far outside of the Last, Best & Final Offers, and which have also been previously rejected. There are also several economic proposals seeking more than the

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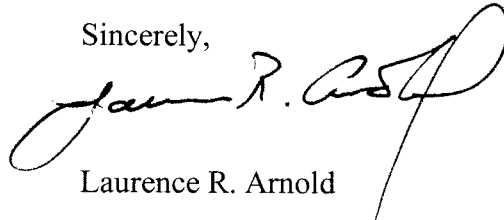
Hospitals have informed CRONA they are willing to pay. Leaves of absence, retiree health and PTO fall into this category.

While some minor adjustments were made to CRONA's PNDP proposal, the more significant modifications were conditioned on or coupled with other aspects of the proposal which the Hospitals have repeatedly rejected. Even with the modifications, CRONA's proposal continues to dilute substantially the requirements of the PNDP.

The Hospitals stand firmly behind their Last, Best & Final Offers. They believe that they are fair and equitable. The wages are certainly competitive, as are the benefits, which in some cases have been improved, and in others have simply been brought into line with those the Hospitals' other employees receive, as well as those in place at other area hospitals. The Hospitals can perceive no justification for maintaining a two-tiered benefit structure favoring nurses over other employees. The Hospitals view the PNDP proposal, which were repeatedly modified during the bargaining process, as absolutely necessary to achieving the goals of ever increasing professionalism, and of rewarding truly advanced practice and continuous achievement – goals which they have set for themselves, goals which they believe they must meet, and goals which they intend to achieve through the use of tools that have been developed and are being used successfully in peer academic medical centers and other prominent medical centers around the country.

Although the presentation of a counterproposal generally works a revocation of the offer being countered, the Hospitals will nevertheless leave their Last, Best & Final Offers on the table, wholly intact at least for now, and hope that CRONA will reconsider.

Sincerely,



Laurence R. Arnold

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cc: Laurie Quintel