

SUPPLEMENTAL AGREEMENT
Early Payout of Accumulated Vacation Leave
For Deferral to the University of Hawai'i 403(b) Tax Deferred Annuity Plan
Article VI - Leaves of Absence With Pay
Bargaining Unit 7

This SUPPLEMENTAL AGREEMENT is entered into on this 1st day of July , 2007, by and between the Board of Regents of the University of Hawai'i (hereinafter "Employer"), and the University of Hawai'i Professional Assembly (hereinafter "Union") on behalf of employees in Bargaining Unit 7.

WHEREAS, the program for Early Vacation Payout of Accumulated Vacation Leave for Deferral to the University of Hawai'i 403(b) Tax Deferred Annuity Plan ("Early Vacation Payout Program") was established to address Internal Revenue Service ("IRS") regulations which prohibited the deferral of vacation pay to the University's Tax Deferred Annuity Plan under section 403(b) of the Internal Revenue Code if that vacation pay was paid and received after an employee had retired or separated from State service; and

WHEREAS, the IRS has since amended its rules to allow post-separation deferrals of accumulated vacation leave into a section 457 deferred compensation plan and/or section 403(b) tax deferred annuity plan if an employee receives the accumulated vacation leave within two and one-half months after the employee has retired or separated from State service; however, the Employer desires to permit employees to have the option of pre-retirement deferrals to the University's 403(b) Tax Deferred Annuity Plan as well as the State's 457 Deferred Compensation Plan.

NOW, THEREFORE, the Union and the Employer mutually agree that only the provisions of Article VI - Leaves of Absence With Pay, section C. - Vacation Leaves, sub-section 12 ("Pay for Vacation Allowance upon Termination") of the July 1, 2003 through June 30, 2009, Unit 7 collective bargaining agreement shall be amended as follows:

12. Pay for Vacation Allowance Upon Termination

a. through c. No change

d. When an employee who is retiring from service elects to participate in the Employer's early vacation payout program, the Employee may receive a partial payment of the Employee's accumulated vacation leave credits prior to the Employee's retirement date for the sole purpose of deferring such amount into the Employee's account in the Employer's 403(b) tax deferred annuity plan. Such payout shall be in accordance with the Employer's directives.

The remaining provisions of Article VI - Leaves of Absence With Pay, section C. - Vacation Leave, shall continue to remain in full force and effect.

This 403(b) Early Vacation Payout Program SUPPLEMENTAL AGREEMENT

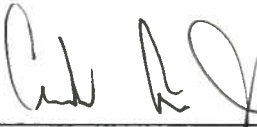
shall be effective July 1, 2007, through and including June 30, 2009, unless either of the parties terminates this Agreement by giving thirty (30) days written notice, provided that by mutual agreement such thirty (30) days notice may be waived.

IN WITNESS WHEREOF, the parties hereto, by their authorized representatives, have executed this SUPPLEMENTAL AGREEMENT on the day and year first written above.

FOR THE EMPLOYER:
University of Hawai'i:




Allan R. Landon
Chairperson, Board of Regents



Andres Albano, Jr.
Vice Chairperson, Board of Regents




David McClain
President



Brenna H. Hashimoto
System Director of Human Resources

APPROVAL AS TO FORM AND CONTENT:

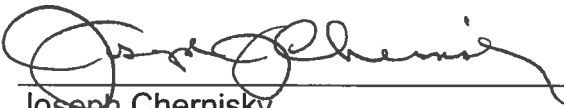


Christine Chun
University Associate General Counsel

FOR THE UNION:
University of Hawai'i Professional
Assembly:



J. N. Musto, Ph.D.
Executive Director



Joseph Chernisky
President