

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

RENEE McCOY, individually and on behalf of all
others similarly situated,

Plaintiffs,

v.

HEALTH NET, INC., HEALTH NET OF THE
NORTHEAST, INC. and HEALTH NET OF NEW
JERSEY, INC.,

Defendants.

)
) Docket No. 03-CV-1801 (FSH) (PS)
) Hon. Faith S. Hochberg
)
)
)

ZEV and LINDA WACHTEL, individually and on
behalf of their minor children, TORY, JESSE and
BRETT WACHTEL, and on behalf of all others
similarly situated,

Plaintiffs,

v.

HEALTH NET, INC., HEALTH NET OF THE
NORTHEAST, INC. and HEALTH NET OF NEW
JERSEY, INC.,

Defendants.

)
) Docket No. 01-CV-4183 (FSH) (PS)
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)

STEWART SCHARFMAN, individually and as
executor of the estate of his son, SPENSER
SCHARFMAN,

Plaintiffs,

v.

HEALTH NET, INC., HEALTH NET OF THE
NORTHEAST, INC., HEALTH NET OF NEW
YORK, INC. and HEALTH NET LIFE
INSURANCE CO., INC.,

Defendants.

)
) Docket No. 05-CV-0301 (FSH) (PS)
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Amendment to Settlement Agreement

WHEREAS, the Parties entered into a Settlement Agreement dated March 13, 2008 (the "Settlement Agreement"), which received final approval from the United States District Court for the District of New Jersey in an Order dated July 24, 2008;

WHEREAS, disputes arose between the Parties during the administration of the Settlement;

WHEREAS, the Parties agreed to mediate their disputes before the Honorable John J. Hughes (ret.) as required by Section 23 of the Settlement Agreement; and

WHEREAS, following a two-day mediation conducted by Judge Hughes, the Parties agreed to resolve all of their disputes in order to conclude the Actions once and for all;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Representative Plaintiffs (for themselves and all Class Members) individually and by Class Counsel, and by Health Net, Inc. and each of its Subsidiaries and Affiliates ("Health Net"), all intending to be legally bound hereby, that, subject to the approval of the Court, the Actions and all damages, claims and disputes, as defined or set forth in the Settlement Agreement and this Amendment to the Settlement Agreement (the "Amendment"), shall be fully and finally resolved, compromised, discharged, and settled under the following terms and conditions:

1. The Settlement Agreement shall remain in full force and effect for all Class Members in accordance with its terms except as amended herein. Any capitalized term not defined in the Amendment shall retain the meaning assigned to it in the Settlement Agreement.

Additional Payment into the Cash Settlement Fund

2. Health Net, Inc. agrees to pay \$6,250,000.00 (the "Additional Payment") into the Cash Settlement Fund. The Parties and Class Counsel agree that the Additional Payment is the final payment — for any purpose or reason whatsoever — that will be requested from and/or made by Health Net arising out of, in connection with, or related to the Actions, the Settlement Agreement, and/or the Amendment.

Health Net, Inc. shall wire the Additional Payment to US Bank account number 196473905343 within fifteen (15) business days after the entry of an Order by the Court approving the Amendment.

Release

3. The Releasing Parties and Class Counsel (collectively "Plaintiffs"), for and in consideration of the Additional Payment, the sufficiency of which Plaintiffs hereby acknowledge, do voluntarily, knowingly, and unconditionally release and forever discharge the Released Parties from any and all liabilities, claims, rights, debts, causes of action, suits, matters, issues, damages, costs, expenses, injuries, and any demands whatsoever, whether at law or in equity, known or unknown, suspected or unsuspected, discovered or

undiscovered, accrued or unaccrued, asserted or unasserted, liquidated or unliquidated, contingent or non-contingent, arising out of, in connection with, or related to the Actions, the Settlement Agreement, and/or the Amendment. This release is binding even if there is a subsequent discovery of subscribers, beneficiaries, claim lines, and/or facts, known or unknown, extant or non-extant. This release is in addition to, and does not replace or abrogate, the release and other undertakings in paragraph 16 and its subparagraphs in the Settlement Agreement and in paragraphs 13 and 14 in the Final Order and Judgment, which remain in full force and effect, in accordance with their terms, as to all Class Members.

Business Practices Initiatives

4. Health Net has provided Class Counsel with a report on Health Net's implementation of Section 12 of the Settlement Agreement. Nothing herein shall be construed to extend Health Net's obligations with respect to the Business Practice Initiatives beyond the date set forth in Section 12.3 of the Settlement Agreement.

Cooperation

5. Health Net will cooperate as needed up to and until when the Amendment is executed by the Parties. Health Net shall thereafter be under no further obligation to provide assistance or pay for assistance to be provided arising out of, in connection with, or related to the Actions, the Settlement Agreement, and/or the Amendment. Nevertheless, if Plaintiffs or Berdon thereafter make reasonable requests for assistance from Health Net, such assistance will be provided if Plaintiffs will promptly reimburse Health Net for its costs, including but not limited to attorneys' fees and costs, consulting fees and costs, staff time and any other expenses incurred in the furnishing of such assistance, from the Cash Settlement Fund.

Future Claims and Payments

6. Plaintiffs shall be solely responsible for determining the necessity for, the nature and content of and the payment for any further communications with Class Members in the Actions, including but not limited to an amended notice and claim form, and for seeking appropriate Court approval therefor. Plaintiffs may use Berdon and/or any other consultant(s) that Plaintiffs deem are required and determine the amount to be paid to Berdon and/or any other consultant(s) from the Cash Settlement Fund, for past and future work as Plaintiffs see fit and as approved by the Court.
7. Any and all claims, fees, costs and/or expenses, including without limitation, claims, fees, costs and/or expenses arising out of, in connection with, or related to the Actions, the Settlement Agreement and the Amendment, and all payments pursuant thereto, shall be paid solely from the Cash Settlement Fund.
8. Plaintiffs are solely authorized and responsible to determine the allocation of monies from the Cash Settlement Fund to any and all Class Members, including Class Members who previously filed Group B and C Claims. Plaintiffs are not bound by Health Net's prior determinations of amounts due to Class Members. Plaintiffs may, without requiring any

authorization from Health Net, allocate further settlement funds from the Cash Settlement Fund to Class Members for whom Health Net has already adjudicated Group B and C Claims.

Miscellaneous

9. Plaintiffs shall seek the Court's approval for the Amendment and the distribution of the Cash Settlement Fund to Class Members. The terms of the Amendment, as well as the final distribution of the Cash Settlement Fund, are subject to Court approval.
10. Plaintiffs shall not oppose, and will incorporate in their motion for approval of the Amendment, as part of the Order sought from the Court (the "Proposed Order") the following paragraph:

Ten (10) calendar days after Health Net, Inc. transfers the Additional Payment into the Cash Settlement Fund, Health Net may release any and all litigation holds and shall thereafter be under no further obligation to retain any records or information arising out of, in connection with, or relating to the Actions or the Settlement Agreement or the Amendment. In addition, within thirty (30) calendar days after Health Net, Inc. transfers the Additional Payment into the Cash Settlement Fund, Plaintiffs and/or any experts or consultants that Plaintiffs retained shall certify as destroyed or return to Health Net the original and all copies of (1) depositions and exhibits thereto other than depositions of plaintiffs and witnesses from Cigna, Aetna, HIAA, and Ingenix and documents that Cigna, Aetna, HIAA, and/or Ingenix produced and (2) all documents, data, and information of any kind or in any format, including any and all electronic communications (e.g., emails, email chains that contain communications and/or information from Health Net, and attachments thereto) stored anywhere on Plaintiffs' technological infrastructure (or those of their experts and consultants), that were provided by Health Net or its counsel or agents in connection with the Actions, the administration of the Settlement Agreement, disputes with respect thereto, and the Amendment. Plaintiffs shall not be required to destroy any copy they possess of documents filed with the Court.

11. Except as otherwise set forth in this paragraph, within one hundred eighty (180) calendar days after the Cash Settlement Fund has been finally distributed to the Class, Berdon shall certify as destroyed or return to Health Net the original and all copies of all documents, data, including any and all electronic communications (e.g., email chains and attachments) stored anywhere on Berdon's technological infrastructure, provided by Health Net or its counsel or agents in connection with the Actions, the administration of the Settlement Agreement, disputes with respect thereto, and the Amendment. Notwithstanding the foregoing sentence, any records needed to re-issue checks pursuant to paragraph 9 of the Order Approving The Amendment To The Settlement Agreement And Related Matters shall be destroyed or returned to Health Net within ninety (90) calendar days after the checks have been re-issued. In addition, Berdon shall certify as destroyed its bank reconciliation and disbursement records within thirty (30) days of the Court's Order directing the last disbursements from, and the closing of, the Cash Settlement Fund. This

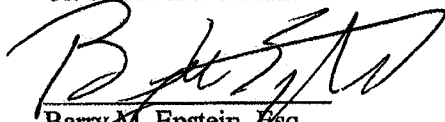
paragraph supersedes any provisions to the contrary in the engagement letter that the Parties signed with Berdon and the Business Associate Agreement that Berdon signed with Health Net.

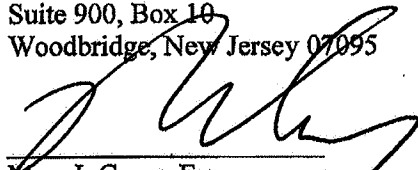
12. After Health Net, Inc. makes the Additional Payment and before the Additional Payment is distributed, as a condition precedent to Plaintiffs' taking any legal action against Health Net arising out of, in connection with, or related to the Settlement Agreement and/or the Amendment, Plaintiffs must first pay into an interest-bearing escrow account the Additional Payment together with any interest previously earned thereon. The Additional Payment shall remain in the escrow account until the legal action reaches a final resolution. After the Court enters an Order authorizing payment that would include the Additional Payment to the Class, as a condition precedent to Plaintiffs' taking any legal action against Health Net arising out of, in connection with, or related to the Actions, the Settlement Agreement, and/or the Amendment, Plaintiffs must first post a bond in the amount of \$6,250,000.00 plus any interest earned on the Additional Payment until the legal action reaches a final resolution.
13. The Amendment shall terminate at the same time and on the same basis as the Settlement Agreement. All releases shall survive the termination of the Settlement Agreement and the Amendment.
14. The Parties and their Counsel agree not to disparage any other Party or Counsel and agree to take no action which is intended or would reasonably be expected to harm any other Party or Counsel or their reputation or which would be expected to lead to unwanted or unfavorable publicity to the other.

Dated: April 13, 2012

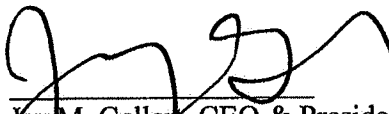
Agreed To:

On behalf of Plaintiffs

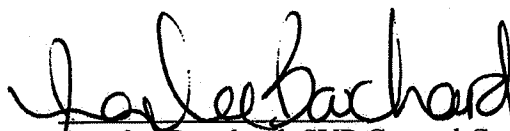

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