



**Health Net, Inc.
2008 Annual Meeting of Stockholders**

**May 8, 2008
10:00 a.m. PDT**

ROGER GREAVES: Well good morning, everyone. Good morning. My name is Roger F. Greaves and I'm Chairman of the Board of Health Net, Incorporated, and it's my pleasure to welcome you in person, via conference call and the Internet, to the 2008 Annual Meeting of Stockholders of Health Net. If you're attending this meeting in person and have not yet signed in, you may do so at this time during the meeting at the table just outside the door. The inspector of elections for this meeting has informed me that stockholders holding over 88 percent of the total number of shares entitled to vote at this meeting are in attendance in person or represented by proxy. Therefore, a quorum is present and the meeting is hereby formally called to order.

Each of you attending the meeting in person should have received at the sign-in table a copy of the agenda and the rules of conduct for this meeting. For each of you attending by telephone or via Internet, the agenda and rules of conduct for the meeting are available on our Web site at www.healthnet.com. You'll note that there is time reserved for your questions and the reverse side of your agenda describes the procedures for the questions and answer period of the program. If you're attending the meeting in person or by phone, I ask that you hold your questions until the designated time, and if you're attending the meeting via the Internet, please follow the instructions on our Internet Web site to submit your questions at the appropriate time.

Before we move on to the formal business of the meeting, I'd like to make a few introductions. First, I'd like to introduce Jay Gellert, President and Chief Executive Officer of Health Net, who's also a director of the company -- right here. Next is Linda Tiano, Senior Vice President, General Counsel and Secretary of the company. Please acknowledge yourself, Linda. Thank you. Ms. Tiano will be acting as Secretary for our meeting this morning. Also in attendance is Martin Knapp from Wells Fargo Shareholder Services. Mr. Knapp will act as inspector of the election for our meeting. Mr. Knapp.

I would now like to introduce the other directors of the company who are in attendance at the meeting. I'd like each of you to stand when I introduce you, please.

I'd first like to call upon Mr. Theodore Craver, Jr. Please don't stand, Mr. Craver -- he's had an injury. He serves on the Board's Finance Committee and is, of course, Chair of the Audit Committee. Mr. Craver is Chairman and Chief Executive Officer of Edison Mission Energy. Thank you, Mr. Craver. Standing at great difficulty there.

Next, Ms. Vicki Escarra, who serves on the Board's Compensation Committee and Governance Committee. Ms. Escarra is President and Chief Executive Officer of America's Second Harvest, the Nation's Food Bank Network. Thank you.

Next is Mr. Tom Farley who serves on each of the Board's Audit Committee, Finance Committee and Governance Committee. Mr. Farley is a senior partner in the law firm of Petersen & Fonda in Pueblo, Colorado.

Mr. Bruce Willison, who serves on the Compensation Committee and Finance Committee, and is Chair of the Governance Committee, is former Dean and current Professor in Management at the UCLA Anderson School of Management.

Mr. Frederick Yeager, who serves on the Board's Audit Committee and Compensation Committee. Mr. Yeager is Senior Vice President, Finance, Time Warner, Incorporated. And lastly, Mr. Patrick Foley, who's not able to be with us today.

[Inaudible] Oh, I just skipped Gale. I'm sorry. And just sat through your Compensation Committee. I apologize, Mrs. Fitzgerald. Gale Fitzgerald, who serves on the Board's Audit Committee and is Chair of the Compensation Committee. Ms. Fitzgerald is the former Chair and CEO of Computer Task Group, Inc. How did you know I wasn't going to save her to last, being the best?

Anyway, but lastly, Mr. Patrick Foley, who's not able to be with us today. Mr. Foley serves on the Board's Compensation Committee and Governance Committee and is Chair of our Finance Committee. Mr. Foley is former Chairman, President and CEO of DHL Airways.

Also present at our meeting today are representatives from the accounting firm of Deloitte & Touche, the company's independent registered public accounting firm for 2007. I'm pleased to announce that Deloitte & Touche has recently been selected as our independent registered public accountant firm for 2008 and such selection is being submitted to the shareholders for ratification at this meeting.

After we conduct the formal business of the meeting, Mr. Gellert will make some brief comments and remarks about the company and will present certain matters of interest relating to the strategic and financial position of the company. We'll then have questions and answers when stockholders will be able to ask questions of Mr. Gellert. We'll now commence with the formal business segment of our meeting, and I'll turn the podium over to Ms. Tiano. Linda?

LINDA TIANO: Thank you, Mr. Greaves. Mr. Greaves has served as a Director of the company since April 1997, and was appointed Chairman of the Board of Directors of the company in January 2004. As many of you know, Mr. Greaves served as Chairman and Chief Executive Officer of a predecessor to the company from the company's

incorporation until 1994, and then served as Co-Chairman, Co-President and Co-Chief Executive Officer of the company until March of 1995.

I would now like to proceed to the formal segment of our meeting. Martin Knapp of Wells Fargo Shareowner Services, the transfer agent and registrar for the company's common stock, will act as the inspector of elections for our meeting. Mr. Knapp's oath as the inspector of election will be filed with the records of this meeting.

As mentioned earlier, Mr. Knapp has informed us that over 88 percent of the total number of shares entitled to vote at this meeting are represented in person or by proxy, and a quorum is therefore present.

Mr. Knapp has also informed us that a notice of this meeting and proxy statement and accompanying proxy cards were mailed on or about April 3, 2008 to stockholders of record on March 14, 2008, and an affidavit of Wells Fargo as to the mailing will be filed with the records of this meeting.

We will now proceed with the opening of the polls and the votes. If you would like to vote by ballot at this meeting, please motion for one of our attendants to hand you a ballot. If you have already returned your proxy, submitted a proxy via the Internet, via the telephone or plan to hand in your proxy today, you do not need a ballot unless you wish to change your vote. Only if you have not voted your proxy or if you wish to change the vote you submitted on your proxy, should you fill out a ballot at this time.

At this time, we will proceed with the vote on Proposal 1 as set out in the proxy materials previously mailed to you. Proposal 1 is for the election of nine director nominees, each to serve for a one-year term or until the 2009 annual meeting of stockholders.

As indicated in the proxy materials, nine directors are up for election at this annual meeting. The nominees are Theodore Craver, Jr., Vicki Escarra, Thomas Farley, Gale Fitzgerald, Patrick Foley, Jay Gellert, Roger Greaves, Bruce Willison and Frederick Yeager. Nominees receiving a plurality of the votes cast will be elected.

Because no other nominees were nominated, the nominations for directors at this meeting are hereby closed.

FREDERICK YEAGER: Madam Secretary, I move that each of the nine nominees be elected to serve as directors for a one-year term.

BRUCE WILLISON: And I second the motion.

LINDA TIANO: A motion to elect each of the nine nominees to serve as director for a one-year term has been moved and seconded. Are there any questions relating to the motion?

Hearing none, discussion is closed.

Proposal 2 is to ratify the Board's selection of Deloitte & Touche as the company's independent registered public accounting firm to audit the consolidated financial statements of the company and its subsidiaries for the fiscal year ending December 31, 2008. Deloitte & Touche has served in this capacity since June of 1994.

The affirmative vote of a majority of the shares voted on this proposal will constitute ratification of the appointment of Deloitte & Touche.

THEODORE CRAVER, JR.: Madam Secretary, I move that Deloitte & Touche be so ratified as the company's independent registered public accounting firm for 2008.

THOMAS FARLEY: I second the motion.

LINDA TIANO: A motion to ratify Deloitte & Touche as the company's independent registered public accounting firm for 2008 has been moved and seconded. Are there any questions relating to the motion?

Since there are no questions on this proposal, discussion is closed. I now declare the voting closed and call Mr. Greaves back to the podium.

ROGER GREAVES: Thank you, Linda. The ballots and proxies will be held in the possession of the inspector of election. The inspector of election will now count the votes. At this time, I'd like to invite our CEO, Jay Gellert, to the podium to share some remarks with respect to the company's recent progress. Jay?

JAY GELLERT: Thank you, Roger. Thank you, all. What I'd like to do is spend a few moments updating you on where we are as a company. 2008 has opened as a difficult year for many of us in the industry, including our company. We believe that it's a result of the cyclical nature of this business, and we believe that moving on from here there's some tremendous opportunities for us. Those opportunities are in some very fundamental areas.

One, we have a solid commercial book on both coasts with consistent growth over the course of the last two or three years moving unabated in key segments which we've targeted. Secondly, we've been a significant player in the Medicare Advantage Program and been able to register significant growth over the course of the last three years in that program and anticipate serving our seniors for years to come. And finally, we've been a strong participant in both the TRICARE and Medicaid programs in New Jersey and California. We were just announced as the number one company in the entire country of all those who serve DoD in being responsive to military spouses and families. It's a great honor. People who work in this company and TRICARE view that as more than a job, but a mission, and their work has been incredible.

Similarly in the Medicaid program, we've proven time and time again that we can serve those populations and the unique needs there. That core business puts us in a position where over the next couple of years we can move to improve margins and grow.

Our changing commercial mix puts us in a position where we're doing business more suited to our core strength. We're doing regional and local business that respond to the depths of our company in these key markets, and the operations strategy which we're involved in will centralize our core operations, both for efficiency and economy. So those things, combined with our continued commitment to the shareholders through a repurchase program, position us for the future.

Here is a quick chart just giving you a graphic portrayal of where our company is. We're on both coasts and those are the two places to be. We provide health care benefits to about 6.6 million people. We offer mental health and pharmacy benefits to about 10.3 million people. Our revenues in '07, \$14.1 billion and we'll see growth in '08.

Our membership is split and this makes it so that we're not as vulnerable to the vagaries of changes in government policy. If you look at it to the right, about half our revenue is commercial, about a quarter is in Medicare, and then about another quarter is a combination of TRICARE and Medicaid. This positions us to be successful regardless of what goes on over the course of the next 12 to 18 months with the changes that are going on in our government.

Our growth has been focused on the small and mid-sized employer. That's the employer we serve best because we have unique knowledge of the communities we work in, we've built a new and more successful product portfolio, and we've made it a priority to become the best plan to work with in terms of distribution channels. And you can see the consistent growth -- over 80,000 people every quarter, with the exception of Q407, in our new sales and that is really refurbishing our business and repositioning us to the markets we're best in.

Similar growth on the Medicare side. Significant growth. In 1Q06, we served about 445,000 seniors. By 1Q08, we'll be serving nearly 800,000 seniors in a combination of the PDP program and the Medicare Advantage program. We believe that this commitment to seniors is a critical part of our strategy. It is one that we believe we will be able to continue to fulfill, regardless of what government policies occur in the next couple of years, and we view this as a key part of our company.

In terms of Medicaid, California has the most economic Medicaid program in the country, and we believe we're one of the best providers. We provide services to over 500,000 people in Los Angeles County alone. This is a program that's growing. It's a successful program and that we believe is a partnership program between us and the state of California. We have similar strengths in New Jersey and we believe that this is an opportunity for growth and reform over the course of the next couple of years.

Finally, in terms of TRICARE, we presently serve about a third of the TRICARE members in the country. They're all of the military families and retirees in the country. We serve people starting in North Carolina all the way up to Maine and all the way across to Illinois. This contract is up for reprocurement at this point in time. Our record, I think, is second to none. We are looking forward to the reprocurement and believe that it will allow us to continue to serve this very important population as we have for the last 20 years. We've taken our TRICARE experience and also have used it to build support for the Veterans Affairs Department and see numerous additional opportunities in those areas.

So, at this point in time, despite the relatively rocky beginning of the year, we think that we're solidly positioned for the future. We have stable provider networks, and, in fact, I believe our relationships with the providers of care we work with are improving, that our competitive position is improving. We've been able to show that we've built solid commercial franchises -- built around regional and local businesses and expand margins.

Our government business -- diversified, strong, solid. It gives us excellent prospects going forward, particularly when combined with the operations strategy which will make us more efficient and economic.

So we believe we've got products that are responding to the changes in the market. We believe we are positioned to help the government going forward and serve the people who the government is responsible for. We believe we can continue to improve product and distribution in the market and that that paints a bright future for our company in this year and as we go forward.

So with that, I'll stop and be open to questions from the audience or from the phone.

If you'd like to ask a question and are attending the meeting in person, please stand up to the microphone, state your name and whether or not you're a shareholder. If you're attending by telephone and would like to ask a question, please press the star key on your telephone touch-pad, provide your name to the operator and state whether or not you're a stockholder.

If you'd like to ask a question and are attending the meeting via the Internet, please be sure to submit your question now by following the instructions given to you on the company's Internet Web site. In addition, please remember, that in accordance with the rules of conduct distributed to you at the beginning of the meeting, each speaker will be limited to a total of two minutes. Questions?

OPERATOR: We have no telephone questions at this time.

JAY GELLERT: Okay. Well, it looks like there are no questions and I will turn the meeting back over to Mr. Greaves.

ROGER GREAVES: Thank you, Jay. I'd now like to call upon Ms. Tiano as Secretary of the meeting to report to us on the results of the voting. Ms. Tiano?

LINDA TIANO: Mr. Greaves, the inspector of elections has reported that 107,287,211 shares of common stock are entitled to vote at this meeting and that the holders of approximately 95,100,385 shares are present in person or represented by proxy, constituting over 88 percent of the outstanding voting shares.

With respect to Proposal 1, each of the nine nominees for director has received a plurality of the votes cast and, as such, has been elected.

Proposal 2 to ratify Deloitte & Touche as the company's independent registered public accounting firm for 2008 has received more than 97 percent of the votes cast on such proposal, and, as such, has been approved.

I now turn the program back to Mr. Greaves.

ROGER GREAVES: Thank you, Linda. Based upon this report, I declare that each of the nine director nominees is elected as a director of the company for a one-year term. I further declare that the proposal to ratify Deloitte & Touche as the company's independent registered public accounting firm for 2008 has received the required votes and is thereby approved.

The report of the inspector of election will be filed with the minutes of this meeting and this concludes the formal business of the meeting. I'd like to thank all of you for attending and I believe that there is a motion to adjourn. It would be in order at this time to make such a motion. If anyone would like to so do?

VICKI ESCARRA: Mr. Chairman, I move to adjourn this meeting.

GALE FITZGERALD: I second the motion.

ROGER GREAVES: Okay. It's been moved and seconded that the meeting be adjourned. All in favor please say "Aye."

VOICES: Aye.

ROGER GREAVES: All opposed say "Nay."

Silence.

ROGER GREAVES: Thank you. The meeting is adjourned. Thank you very much for joining us for the 2008 Annual Meeting of Stockholders of Health Net.

I look forward to seeing all of you again in 2009 at the Annual Meeting of the Stockholders and reporting to you on our continued progress at that time. We'll see you then. The meeting is adjourned.

OPERATOR: That concludes today's presentation. Thank you for your participation. Have a wonderful day.

END