

SUPERIOR COURT OF THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO

You may be entitled to get benefits from a class action settlement.

*A California Superior Court authorized this Notice. This is **not** a solicitation from a lawyer.*

- A settlement has been reached with Health Net of California, Inc. and Health Net, Inc. (together called “Health Net”) regarding certain missing server drives containing personal, medical and financial information.
- The settlement offers identity theft insurance, assistance with identity restoration, credit monitoring, cash reimbursement for identity theft losses, and enhanced security measures.
- Your legal rights are affected whether you act, or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
ASK FOR CERTAIN BENEFITS	Submit a Credit Monitoring Election Form and/or a Reimbursement of Identity Theft Losses Claim Form to get benefits.
EXCLUDE YOURSELF	Get no benefits. This is the only option that allows you to sue Health Net over the claims resolved by this settlement.
OBJECT	Write to the Court about why you do not like the settlement.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Give up your rights to sue Health Net about the legal claims in this case. Receive certain benefits under the settlement.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the settlement. If it does, and after any appeals are resolved, benefits will be distributed to those who submit qualifying Election and Reimbursement of Identity Theft Losses Claim Forms. Please be patient.

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BASIC INFORMATION

1. Why is this Notice Being Provided?

A Court authorized this Notice because you have a right to know about a proposed settlement of this class action lawsuit and about all of your rights and options before the Court decides whether to give “final approval” to the settlement. If the settlement is approved, benefits will be given to everyone who submitted a valid Credit Monitoring Election Form or Reimbursement of Identity Theft Losses Claim Form. This Notice explains the lawsuit, the settlement, your legal rights, what benefits are available, who may be eligible for those benefits, and how to get them.

Judge David I. Brown of the Superior Court of the State of California, County of Sacramento, is overseeing this class action. The case is known as *Sharon Marie Shurtleff v. Health Net of California, Inc.*, No. 34-2012-00121600. The person who sued is called the “Plaintiff,” and the company she sued, Health Net of California, Inc. is the “Defendant.” Health Net of California, Inc. and a related company, Health Net, Inc., are referred to as “Health Net.”

2. What is this lawsuit about?

In January 2011, Health Net was notified that several server drives previously used in its data center in Rancho Cordova, California, could not be located. The drives contained personal information of some former and current Health Net members, employees, and health care providers. In March 2011, Health Net sent notification letters to each of the approximately 2,200,000 persons whose personal information was contained on the drives, informing them of the incident and offering to provide two years of free credit monitoring and other services. Beginning in March 2011, several lawsuits were filed against Health Net claiming that it negligently released or disclosed the information on the drives and did not adequately protect this information. Health Net denies all of the claims in the lawsuits, and asserts that it has no evidence that any confidential information on the missing drives has been accessed or misused by any third party.

3. What information was on the missing drives?

The information on the missing drives included names, addresses, health information, Social Security Numbers, and/or financial information, and other information people may have provided to Health Net on health insurance applications, claim forms, or other documents.

4. Why is this a class action?

In a class action, one or more people called “Class Representatives” (in this case Sharon Marie Shurtleff) sue on behalf of people who have similar claims. All of these people are a “Class” or “Class Members.” One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

5. Why is there a settlement?

The Court did not decide in favor of Plaintiff or the Defendant. Instead, both sides agreed to settle this case to avoid the cost and risk of trial. The settlement does not mean that any law was broken or that Health Net did anything wrong. Health Net denies all legal claims in this case. The Class Representative and her lawyers think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will be affected by this settlement or if you can get benefits from it, you first have to determine if you are a Class Member.

6. How do I know if I am part of the settlement?

If you received a notice about this settlement in the mail or you received a Notification Letter from Health Net between March 14, 2011 and September 19, 2011, you have been identified as a Class Member. Specifically, the Court decided that the Class includes all persons whose individually identifiable personal, medical, and/or financial information was on server drives that Health Net identified as missing in a press release on March 14, 2011.

7. How do I know if my private information was on the missing drives

All known Class Members whose private information was on the missing server drives were mailed a letter from Health Net between March 14, 2011 and September 19, 2011 notifying them that their personal information was on the missing drives.

8. If my private information was on the missing drives, does that mean my identity was stolen?

No. However, you should remain vigilant by reviewing account statements and monitoring free credit reports. If you notice any unauthorized activity, promptly contact the relevant financial institution. You can receive a free credit report at www.annualcreditreport.com or by calling 1-877-322-8228.

9. Are there exceptions to being included in the settlement?

Yes. The following are not included in the settlement: (i) Health Net and its officers and directors; (ii) the Court presiding over any motion to approve this Settlement Agreement; (iii) any Person or entity named as a defendant in any of the pending lawsuits in the Litigation; and (iv) those Persons who timely and validly opt out from the Settlement Class (*see* Excluding Yourself from the Settlement below).

10. What if I am not sure whether I am included in the settlement?

If you are not sure whether you are in the Class, or have any other questions about the settlement, call the toll-free number, 1-800-391-2729. You also may write with questions to Health Net Data Settlement Administrator, P.O. Box 43204, Providence, RI 02940-3204. Please do not contact Health Net about these issues.

THE SETTLEMENT BENEFITS – WHAT YOU GET IF YOU QUALIFY

11. What does the settlement provide?

The settlement offers a variety of benefits to Class Members. The benefits available depend on whether or not you accepted Health Net’s offer of two (2) years of credit monitoring through Debix (now known as AllClear ID) (*see* Questions 12 through 19). However, all Class

Members are eligible to receive reimbursement for certain identity theft losses of up to \$50,000 per person, not to exceed a total of \$2,000,000 for the Settlement Class. Complete details on all of the settlement benefits are available in the Settlement Agreement, which is available at www.HealthNetDataSettlement.com.

12. What if I accepted Health Net’s prior offer of credit monitoring?

If you accepted Health Net’s prior offer of two (2) years of free credit monitoring through Debix, you are eligible for one (1) additional year of the AllClear ID Credit Monitoring Protection Package. In addition, you are eligible to receive reimbursement from Health Net of up to \$50,000 for identity theft (*see* Question 16).

13. What if I did not accept Health Net’s prior offer of credit monitoring?

If you did not accept Health Net’s prior offer of credit monitoring through Debix, you are eligible for two (2) years of the AllClear ID Credit Monitoring Protection Package. In addition, you are eligible to receive reimbursement from Health Net of up to \$50,000 for identity theft (*see* Question 16).

14. Tell me more about AllClear ID’s Credit Monitoring Protection Package.

The Credit Monitoring Protection Package means, for adults, the AllClear ID Pro credit monitoring product, which includes: credit monitoring through the TransUnion credit bureau; fraud detection through advanced Internet scanning; secured credit alerts by telephone providing updates on new credit inquiries or the creation of new accounts; immediate connection to an AllClear ID investigator; complete identity repair; and a \$1,000,000 identity theft insurance policy. The services have an estimated current retail value of \$14.95 for each month of protection. The Credit Monitoring Protection Package means, for minors, ChildScan protection, which includes a bi-annual search of databases for accounts tied to a minor’s Social Security Number at the three national credit bureaus, in national public records databases and in national utilities databases; notice; investigation; complete identity repair; and a \$1,000,000 identity theft insurance policy. This ChildScan product has an estimated current retail value of \$4.95 for each month of protection. The Credit Monitoring Protection Package for both adults and minors is provided by AllClear ID (formerly known as Debix), founded in 2004, a leading provider of identity theft protections. The AllClear ID Pro and ChildScan products described above may undergo enhancements and modifications during the course of the settlement process as new technologies or services become available or regulations necessitate updates.

15. Tell me more about reimbursement for identity theft.

Identity theft reimbursement is a benefit that is available to all Class Members. It covers any actual, documented unreimbursed identity theft losses that you can document occurring between January 21, 2011 and April 21, 2014. If you have a claim that exceeds the AllClear ID \$1,000,000 Identity Theft Insurance Policy or any other insurance available to you, or your claim is denied by AllClear ID or any other insurance provider, you should then file your claim with Health Net. Health Net will make payments of up to \$50,000 to qualifying Class Members for such identity theft.

Payments by Health Net will be paid on a first-come, first-serve basis, up to a total of \$2,000,000 for the Settlement Class. The deadline to request reimbursement from Health Net for known identity theft is **April 21, 2014**. Please refer to the Reimbursement of Identity Theft Losses Claim Form for specific requirements to file a claim.

HOW TO GET BENEFITS

16. How do I sign up for AllClear ID’s Credit Monitoring Protection Package?

Known Class Members will receive an AllClear ID Credit Monitoring Election Form postcard in the mail. If you wish to receive credit monitoring, a \$1 million identity theft insurance policy, and help in restoring your identity, simply sign and return the pre-addressed, pre-paid postcard, to receive up to two years of free AllClear ID Credit Monitoring Protection paid for by Health Net at no cost to you. You must return the pre-paid postcard by U.S. Mail postmarked no later than **April 21, 2014** to receive the AllClear ID Credit Monitoring Protection.

17. What if I am already enrolled in credit monitoring benefits with AllClear ID?

If you are currently enrolled in credit monitoring with AllClear ID and you want to obtain the credit monitoring protection benefits of this settlement, you should following the directions to sign up for AllClear ID’s Credit Monitoring Protection Package (*see* the section “How do I sign up for AllClear ID’s Credit Monitoring Protection Package?” above). After the Court grants “final approval” of the settlement and after any appeals are resolved (*see* the section “The Court’s Fairness Hearing” below), the claims administrator will contact Class Members who elected to receive the free AllClear ID Credit Monitoring Protection Package and provide information on how to activate the service. At that time, you can transition the services to those provided under the settlement.

18. How do I ask for reimbursements from Health Net?

To ask Health Net for reimbursement for proven identity theft losses, you must complete and submit the appropriate Reimbursement of Identity Theft Losses Claim Form(s) and provide required documentation. You can get Reimbursement of Identity Theft Losses Claim Forms at www.HealthNetDataSettlement.com or by calling 1-800-391-2729. Please read the instructions carefully, fill out the Reimbursement of Identity Theft Losses Claim Form, attach the required documentation and mail it postmarked no later than the date on the form, to:

Health Net Data Settlement Administrator
P.O. Box 43204, Providence, RI 02940-3204

If you have questions about how to file a claim, call 1-800-391-2729 or go to www.HealthNetDataSettlement.com.

19. When and how will I get my benefits?

Class Members who submit an Election Form for AllClear ID’s Credit Monitoring Protection Package and/or claims for reimbursements from Health Net will receive these benefits after the Court grants “final approval” of the settlement and after any appeals are resolved (*see* the section “The Court’s Fairness Hearing” below). It is uncertain when any appeals made will be resolved, and resolving them can take time.

After approval the claims administrator will contact Class Members that elected to receive the free AllClear ID Credit Monitoring Protection Package and provide information on how to activate the service.

20. What if I disagree with the amount of my reimbursements?

There is a process set out in the Settlement Agreement, under which you may seek to resolve any potential disagreement between you and Health Net over the amount of your reimbursements. Should a disagreement occur, you will receive a letter from the claims administrator that explains the dispute resolution process. You may be asked to provide additional information to document your claim. Section 5.2(b) of the Settlement Agreement, available at www.HealthNetDataSettlement.com, provides more information about the dispute resolution process.

21. What am I giving up as part of the settlement?

If the settlement becomes final, Class Members will be releasing Health Net and all related persons and entities, including business associates such as IBM, from all of the claims described and identified in section 6 of the Settlement Agreement. This means you will no longer be able to sue Health Net regarding any of the claims described in the Settlement Agreement. The Settlement Agreement is available at www.HealthNetDataSettlement.com or by calling 1-800-391-2729. The Settlement Agreement provides more detail regarding the release and describes the released claims with specific descriptions in necessary, accurate legal terminology, so read it carefully. You can talk to the law firms representing the Class listed in Question 25 for free or you can, at your own expense, talk to your own lawyer if you have any questions about the released claims or what they mean.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want to participate in this settlement and you want to keep the right to sue Health Net about the legal issues in this case, then you must take steps to get out of the settlement. This is called asking to be excluded from—or sometimes called “opting out” of—the Class.

22. If I exclude myself, can I get anything from this settlement?

No. If you exclude yourself, you may not apply for any benefits under the proposed settlement and you cannot object to the proposed settlement. However, if you ask to be excluded, you may sue, continue to sue, or be part of a different lawsuit against Health Net in the future. You will not be bound by anything that happens in this lawsuit.

23. If I do not exclude myself, can I sue later?

No. Unless you exclude yourself, you give up the right to sue Health Net for all of the claims that this proposed settlement resolves. You must exclude yourself from this Class to file your own lawsuit, continue with a lawsuit, or be part of any other lawsuit relating to the claims in this case.

24. How do I exclude myself from the settlement?

To exclude yourself from the proposed settlement, you must mail a letter or another written document clearly stating that you want to be excluded from *Sharon Marie Shurtleff v. Health Net of California, Inc.*, No. 34-2012-00121600. Be sure to include your full name, address, signature, telephone number and date. You must mail your request for exclusion so that it is postmarked by **March 21, 2014**, to:

Health Net Data Settlement Administrator
P.O. Box 43204, Providence, RI 02940-3204

You cannot ask to be excluded on the phone, by email, or on the website.

THE LAWYERS REPRESENTING YOU

25. Do I have a lawyer in the case?

The Court appointed Kershaw Cutter & Ratinoff, of Sacramento, California, (916) 448-9800, Girard Gibbs LLP; Ram, Olson, Cereghino & Kopczynski LLP; and Dreyer Babich Buccola Wood Campora, LLP; as co-lead Settlement Class Counsel to represent you and other Class Members. You will not be charged for these lawyers. If you want to be represented by your own lawyer in this case, you may hire one at your own expense.

26. How will the lawyers be paid?

Class Counsel will ask the Court for an award of attorneys’ fees in the amount of up to \$2,227,984.09 and of costs and expenses in the amount of up to \$83,081.62. Class Counsel also requested a \$7,000.00 total payment for the Class Representatives and Named Plaintiffs for their services on behalf of the Class. Class Counsel will also request payments to the Class Representative and the state court Plaintiffs as incentive awards for their services on behalf of the whole Class. The payment of attorneys’ fees, incentive awards, and reimbursement of costs and expenses awarded by the Court will be paid separately by Health Net and will not reduce the amount of benefits available to the Class.

OBJECTING TO THE SETTLEMENT

27. How do I tell the Court if I do not like the settlement?

You can object to the settlement if you do not like some or all of it. You must give reasons why you think the Court should not approve the settlement. To object, send a letter saying that you object to the proposed settlement in the Health Net Data Settlement Litigation. Be sure to include:

- your full name, address, telephone number, email address and your signature;
- information identifying yourself as a Settlement Class Member, including:
 - (a) proof that you are a member of the Settlement Class, specifically a Notification Letter from Health Net, mailed/emailed notice of the settlement, or
 - (b) an affidavit setting forth, in as much detail as is reasonably available to you (1) that you received a Notification Letter from Health Net, addressed to you, that your private information may have been on the missing servers, including the approximate date of said receipt, (2) that your personal identifying and health information was provided to Health Net before January 21, 2011;
- the name and address of any attorney representing you;

- the reasons why you object to the settlement, accompanied by any legal support for the objection;
- the name and addresses of your attorneys who will appear at the Fairness Hearing (*see* the section on the “Court’s Fairness Hearing” below);
- a statement saying whether you or your attorney plan to personally appear and/or testify at the Fairness Hearing;
- a list of all persons you will call to testify at the Fairness Hearing; and
- if applicable, the signature of your attorney or other representative.

You must include all of the information requested above or else the Court will not consider your objections.

Mail the objection to **each of the following** three recipients so that it is postmarked no later than **April 7, 2014**:

COURT	CLASS COUNSEL	DEFENDANTS’ COUNSEL
Honorable David I. Brown Sacramento County Superior Court 800 9th Street Sacramento, CA 95814	Health Net Data Settlement Administration Kershaw Cutter & Ratinoff 401 Watt Avenue Sacramento, CA 95864	Health Net Data Settlement Administration Crowell & Moring, LLP 275 Battery St., 23rd Fl. San Francisco, CA 94111

28. What is the difference between objecting and asking to be excluded?

Objecting is simply telling the Court that you do not like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you cannot object to the settlement and you will not be eligible to apply for any benefits under the settlement because the case no longer affects you.

THE COURT’S FAIRNESS HEARING

29. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at 2:00 p.m., on **June 04, 2014**, in Department 53 of the Sacramento County Superior Court, located at 800 9th Street, Sacramento, California 95814. At the Fairness Hearing, the Court will consider whether the proposed settlement is fair, reasonable, and adequate. The Court may also consider Class Counsel’s request for attorneys’ fees, costs, and expenses, and the incentive awards. If there are objections, the Court will consider them. After the Fairness Hearing, the Court will decide whether to approve the proposed settlement and how much to award to Class Counsel as fees, costs, and expenses and the incentive awards.

The Fairness Hearing may be moved to a different date or time without additional notice, so it is recommended that you periodically check www.HealthNetDataSettlement.com for updated information.

30. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend the hearing at your own expense. If you send in a written objection, you do not have to come to the Fairness Hearing to talk about it. As long as you mailed your written objection on time, the Court will consider it. You also may pay your own lawyer to attend the Fairness Hearing, but their attendance is not necessary.

31. May I speak at the hearing?

Yes. To speak at the Fairness Hearing, you must send a letter stating that it is your “Notice of Intention to Appear” in *Sharon Marie Shurtleff v. Health Net of California, Inc.*, No. 34-2012-00121600. Be sure to include your name, address, telephone number, and your signature. Please send your Notice of Intention to Appear postmarked no later than **April 7, 2014**, to the three addresses listed in Question 27, along with the following information:

- a statement confirming that you want to speak at the Fairness Hearing;
- the name and address of your attorney (if you have one) that will appear at the Fairness Hearing; and
- a list of any witnesses you intend to call at the Fairness Hearing.

You cannot speak at the hearing if you exclude yourself from the settlement.

IF YOU DO NOTHING

32. What happens if I do nothing at all?

If you are a Class Member and do nothing, you will still receive the benefit of Health Net’s agreement to enhance its physical and information security measures to reduce risk of data loss, but you will not receive the AllClear ID Credit Monitoring Protection Package or reimbursement of identity theft losses. Unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit or be part of any other lawsuit against Health Net about the claims in this case, ever again.

GETTING MORE INFORMATION

33. How do I get more information about the proposed settlement?

This Notice summarizes the proposed settlement. More details are in the Settlement Agreement. You can get a copy of the Settlement Agreement at www.HealthNetDataSettlement.com. You also may write with questions to Health Net Data Settlement Administrator, P.O. Box 43204, Providence, RI 02940-3204. You can get Reimbursement of Identity Theft Losses Claim Form at the website. You can also get the Credit Monitoring Election Form, the Reimbursement of Identity Theft Losses Claim Form, a copy of the Settlement Agreement, and a detailed notice mailed to you by calling 1-800-391-2729.

PLEASE DO NOT CONTACT HEALTH NET ABOUT THIS SETTLEMENT.