PacificCare Health Systems is one of the nation's largest health services companies. Primary operations include managed health care products for employer groups and Medicare beneficiaries in eight states and Guam, serving approximately 3.5 million members. The company's Medicare+Choice product, Secure Horizons, is the largest in the country. Additionally, our independently operated specialty companies offer pharmacy benefit management, behavioral health, dental and vision services, and life and health insurance to approximately 9 million members. These specialty companies serve not only PacificCare's members, but also health care customers not affiliated with PacificCare. More information on PacificCare Health Systems can be obtained at www.pacificare.com.

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$11,844,000</td>
<td>$11,576,000</td>
</tr>
<tr>
<td>Net Income (000s)</td>
<td>$19,000</td>
<td>$161,000</td>
</tr>
<tr>
<td>Reported Diluted Earnings Per Share</td>
<td>$0.55</td>
<td>$4.58</td>
</tr>
<tr>
<td>Pro Forma Diluted Earnings Per Share 1</td>
<td>$1.68</td>
<td>$4.73</td>
</tr>
<tr>
<td>Total Membership</td>
<td>3,480,000</td>
<td>4,118,000</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>9,200</td>
<td>9,200</td>
</tr>
</tbody>
</table>

1. Excludes impairment, disposition, restructuring and other charges, and Office of Personnel Management credits, both net of tax, that net to $0.15 in charges in 2000 and $1.13 in charges in 2001.
2. Number of employees at February 28, 2002 was approximately 8,200.
Caring is good. Doing something is better.
We are pleased to update you on the progress PacifiCare has achieved midway through our turn-
around. Borrowing from the theme of the company’s new campaign to build brand awareness among consumers, the message — “Caring is good. Doing something is better” — also reflects how we are fulfilling our commitment to build value for shareholders by taking corrective action and implementing a new growth strategy. Last year at this time we introduced a new management team and a new long-term strategic direction, developed to address both immediate operational and financial challenges, as well as to “reinvent” the company to foster future growth. Looking back over the first year of the turnaround process, we can point with pride to the many mile-
stones we achieved in our drive to evolve from a traditional health maintenance organization into a health and consumer services organization.

Stabilising the Core Business
First, it was imperative for us to price our busi-
ness to appropriately reflect rising cost trends. We were successful in securing substantial premium rate increases for the portion of our commercial HMO business that renewed during the second half of 2001 and in January of 2002. To ensure that pricing kept pace with our costs, we converted from
community to experience-rated underwriting and renegotiated long-term rate guarantees. We took steps to minimize the impact of higher costs by exiting unprofitable commercial markets and product lines. We also terminated and restructured relationships with providers who were not delivering quality, cost-effective health care. As a result of these actions, we have managed the transition from capitated to risk-based arrangements while maintaining continuity of care for our members.

We took advantage of the slower transition rate by building a stronger infrastructure capable of operating successfully in a fee-for-service reimbursement environment. We added new employees to our actuarial, underwriting, pricing and medical management teams, which include hospitalists and nurses. We also contracted with outside specialists in disease management to help us prevent and manage treatment for the most costly disease states affecting our senior population. We expanded the capacity of our infrastructure to more efficiently and effectively process medical claims by adding staff and making systems enhancements to increase electronic claim submissions and auto-adjudication. Indeed, one of the most important milestones of 2001 was a 46% reduction in our claims inventory year-over-year.

**Restructuring Our Workforce**

To make room for investments in these new priority areas, demanded both by the shift to a risk-based business model as well as our new diversification plans, we reduced selling, general and administrative (SG&A) costs through a 6% workforce reduction early in 2001, followed by another 15% reduction that will be completed over the course of 2002. We focused on paring redundant regional functions and marketing staff for products and geographies where we curtailed operations, as we pursued higher margins in lieu of amassing greater market share.

Besides helping us run the company more efficiently, the restructuring of our organization achieved several other important objectives. Furthering our goal of becoming a more unified company operating under one strategy, one business process and one system, we consolidated eight state plans into two regions, serving California and everything outside of California. While we consolidated geographically, we also divided the company to support our two major customer segments. One, formerly the Health Plans Division, will have responsibility for meeting the product and service needs of our commercial customers. The other, the newly-created Senior Solutions Division, will focus on the health care and related product needs of our senior customers,
including our longstanding Secure Horizons® Medicare+Choice product. While PacifiCare’s historical emphasis, identity and culture have been closely tied to Medicare, the company’s strategic need to grow our commercial business in the face of an uncertain future for the Medicare+Choice program demands that it receive a more focused level of attention and resources.

**Medicare+Choice: A Great Product in Jeopardy**

Although PacifiCare continues to operate the nation’s largest Medicare HMO, another significant milestone in 2001 was the announcement of the most significant Medicare benefit reductions in the company’s history. This was a decision we truly regretted having to make. Largely as a result of the Balanced Budget Act of 1997, the disparity between what Medicare really costs and what it is willing to pay is widening to unsustainable levels. Sadly, seniors who depend on Medicare+Choice to help keep health care affordable at the time they need it most are finding their plans in jeopardy unless Congress takes action to preserve them.

In response to shortfalls in Federal funding, in 2001 we froze new Medicare enrollment in 42 out of the 101 counties we had already committed to serve. We followed up in 2002 with full or partial exits from 44 counties, and made substantial benefit changes such as higher hospital co-pays and the substitution of generic drug coverage for branded drugs in most counties. These changes will likely result in meaningful reductions to our Medicare+Choice membership in 2002. However, by reducing benefits we were able to continue serving more counties in 2002, which enhances our flexibility to expand our participation in Medicare+Choice if future legislative relief occurs.

As we view the political landscape ahead, we are encouraged that the Bush Administration has expressed support for preserving this program by singling it out for increased payments in its 2003 budget. It is a good first step toward our longer-range goal of bringing reimbursement closer to parity with traditional Medicare. However, since there is no guarantee of Congressional support for this or similar proposals, we must continue to evaluate our current and future levels of participation in the Medicare+Choice program.

**Diversifying Our Product Line**

Accordingly, one of the strategic decisions we made in 2001 was to begin developing Senior Solutions, a collection of programs and services to help mature adults navigate through their life events to improve
their health and well-being. Our first step was to launch a Medicare Supplement product in October of 2001, providing an alternative to Medicare+Choice and strengthening the Secure Horizons® name among senior consumers. This was also a key step in the expansion of our portfolio of health insurance products to diversify our sources of revenue.

Also strengthening our commercial product line is our revamped preferred provider organization, or PPO, which became operational in January 2002. Employers and consumers have increasingly shown a preference for products offering more choice and flexibility than the HMO product PacifiCare traditionally offered. We are also enhancing our HMO product by offering tiered plans that give our customers greater choice in a more economical package than a PPO, which suits today’s softer economy. We pioneered the tiered hospital concept in California in January 2002 with the introduction of the Select Hospital Plan, which directs members to the most efficient and effective hospitals through cost incentives, and several competitors have since followed our lead. With the development of both an array of HMO products and indemnity products, we are positioning PacifiCare to succeed under a range of economic scenarios.

Another key initiative in 2001 was to begin expanding our pharmacy benefit management (PBM) subsidiary, Prescription Solutions, to serve a greater number of members unaffiliated with the company’s own health plans. This effort should enhance Prescription Solutions’ profitability by reducing its reliance on PacifiCare membership. We far surpassed our goals for 2001 by increasing unaffiliated membership by 79% from the prior year. A similar effort is underway at PacifiCare Behavioral Health (PBH), which increased its unaffiliated membership by 13% in 2001. Entering 2002, PBH has been awarded two substantial new contracts that deepen its presence in the entertainment industry, with other new account developments in progress, this promises to be a watershed year for PBH.

**Strengthening the PacifiCare Brand**

In 2001 we increased our focus on “consumer-aligned” health care to engage consumers more directly in the health care process. As employers ask their employees to shoulder a greater portion of the health care cost burden, we need to help them make more informed treatment decisions and to assume greater responsibility for lifestyle choices that impact health and drive costs. One such program is Women’s HealthSolutions, designed to identify and
meet the unique clinical and service needs of health care’s most influential decision-makers and consumers. Another is our leading proprietary Quality Index® profile (patent pending), which for several years has demonstrated our commitment to empower members with clinical, service and cost information on physician groups and to positively influence the quality of care provided through our networks. This year we are expanding the Quality Index® profile to address hospital quality.

We were particularly proud to recently become the only statewide health plan in California to achieve a three-year “Excellent” Accreditation rating from the National Committee for Quality Assurance (NCQA). Our Arizona commercial plan also received an “Excellent” rating from NCQA in 2001. Differentiating PacifiCare on the basis of quality is central to our corporate branding and positioning strategy. Our new advertising campaign will kick off midway through 2002. This effort is one of several being undertaken to reinvigorate the growth of our commercial business. Although we expect to reduce SG&A expenses through the corporate restructuring mentioned earlier, we intend to augment and reallocate SG&A spending this year with investments in new marketing and information technology and the expansion of pharmacy benefit services.

Another milestone for the company in our pursuit of a uniform technology platform was our $1.2 billion agreement to outsource our information technology production and software maintenance services with IBM and Keane, Inc. By outsourcing these functions beginning in 2002, we expect to save between $380 and $400 million over the term of the 10-year contract, as well as to provide the company with access to state-of-the-art solutions and best practices in information technology.

Meanwhile, we continue to make headway on the final phase of our long-term strategy, which is to expand the scope of our product offerings beyond those of a traditional health insurance company. This involves test piloting new ideas in health, financial, technology, and lifestyle products. Stay tuned for further developments next year!

Challenges and Opportunities Ahead
As is characteristic of turnaround efforts, our path has been “stair-step” in nature rather than a smooth, straight path upward. As expected, we encountered bumps along the way — most of which we have overcome, but in some cases a quarter or two later than planned. One very large hurdle we faced in 2001 was Texas, where we lost approximately $90 million over the second half of the year. However,
we believe the worst of our losses in Texas are behind us now that we have transitioned most of our providers to fee-for-service contracts, and the higher costs of providing health insurance in Texas are reflected in our premium rates for 2002. Moreover, although we had not anticipated the extent of the losses we incurred in Texas when we revised our 2001 earnings per share guidance last May, we were still able to meet the earnings guidance for 2001 provided at the time.

The other key hurdle we faced in 2001 and only temporarily overcame was our need to secure long-term capitalization. In August 2001, we announced that the company had signed an agreement with our lenders to extend the maturity date of our $800 million senior credit facility to January 2003. This agreement was important because it gave us additional time to continue to focus on advancing our strategic objectives, as well as the flexibility to take advantage of improved conditions in the debt markets in 2002. Securing more permanent financing on favorable terms is a top priority this year. Over the past 12 months, the company has made $67 million in debt repayments. Our current bank group has been very supportive of our turnaround plan, and we will continue to work closely with them to arrive at a solution that is in the best interests of the company, our lenders, and our shareholders.

Unlike the turnarounds of other competitors in the managed care industry, we have maintained our operating profitability throughout a challenging year. We were able to absorb substantial losses in Texas thanks to the solid performance of our other health plans and specialty companies. In 2001 we completed the first phase of our strategy to stabilize our core business, and entered 2002 significantly better positioned to improve earnings and cash flow. We will continue to work diligently to put our words into action, implementing strategic initiatives designed to rejuvenate our commercial business and to resume growing membership in 2003 and beyond.

Sincerely,

David A. Reed
Chairman
Howard G. Phanstiel
President and Chief Executive Officer
Susan and John enjoy spending quality time in the back yard with their dogs, Hanno and Tommy.

One of John’s hobbies is building and flying radio-controlled airplanes.

John and Susan show off another of John’s toys.
Tracy, California 95376-339  
May 21, 2001

Director, Customer Service  
PaciﬁCare of California  
5701 Katella Avenue  
Cypress, California 90630-5019

Dear Madam:  
This letter comes to let you know how very pleased we are with PaciﬁCare.  
When everything runs smoothly it is easy to answer surveys in a very  
positive way. But, the test comes when an issue arises that needs to be  
resolved.

In February, 2001, it was determined that my husband, John, required hearing  
aids. We purchased the hearing aids on our own believing we did not have  
insurance coverage. A few weeks later we learned we were in fact covered for  
“$2,000.00 maximum; limited to one standard hearing aid per ear covered at  
50% every 36 months…”

When I called PaciﬁCare Customer Service, your representative told me  
exactly what documentation/form I needed to send in order to be reimbursed.  
At this point both John and I thought we would have to ﬁght long and hard  
for this money and that would probably take at least one year. Our thoughts  
were inﬂuenced by all the horror stories in the media regarding HMO’s.

After sending a letter and the required documentation and waiting for ﬁve  
weeks, I called PaciﬁCare and spoke to Mr. Patrick Fuller. He said he had  
received the forms and would expedite them to the Claims Department. He said  
if we hadn’t heard anything in another four weeks to call him back.

It has been just four weeks and a check for $2,000.00 arrived on 5-18-01. We  
are elated, to say the least! I mailed the forms on March 15, 2001; so in  
just two months this was completely taken care of which is ABSOLUTELY OUT-  
STANDING!!!!!!!!

People are quick to tell you when you goof or didn’t do a very good job.  
Well, we want to THANK YOU FOR A JOB WELL DONE! You can rest assured we will  
be happy to tell others of our great experience with PaciﬁCare.

Thank you again for your efﬁciency and the speedy manner in which you han-  
dled our reimbursement.

Most sincerely yours,

(Mrs. John R. Elliott)
Director of Customer Service  
P.O. Box 6006  
Cypress, CA 90630

Dear Sir,

I am a client of PacifiCare who needs to administer a daily medication. As you are well aware, PacifiCare’s policy recently changed so that I am no longer able to obtain my medication from a retail pharmacy, but need to get it through my physician. I received your letter, informing me of the policy change, near the end of November 2000, and it took nearly two months to make these proper arrangements.

I am writing to you today, to compliment an employee of PacifiCare, for helping me through this transition. On January 12th 2001, I decided to contact you (PacifiCare) for the second time that day. I was extremely frustrated at the beginning of that phone call, as I felt that the situation seemed to be a very difficult one. Sonny Pham, at extension 78112, was the friendly, compassionate, responsible voice on the other side. Without going in to every detail, let me just say I spent over two hours with Sonny, while he acted as my liaison between my doctor, your utilization group, and finally the Millennium Pharmacy. He kept me on hold, for part of the two hours, and involved me in a three-way conversation during the other part, as reassurance that someone was taking care of my situation. Sonny placed himself in my shoes and experienced my obstacles for me. Even when his part was complete, he made follow up calls, and sent a post card extending his assistance.

Sonny’s hard work is greatly appreciated, and I am happy to report that I am now on my fourth month of receiving my medication under your new policy, I hope that you and/or Sonny’s supervisor recognize him somehow for his excellent customer service ability. He is the type of person who will go far in this world. Thank you for your time in reading my letter.

Sincerely yours,

D. Brenneise

P.S. Had she been involved in the situation, I believe Barbara M. would have been helpful to me also.
D. Brenneise performs in local theater productions, and her credits include: The Traveling Lady, It's a Wonderful Life, and More Fun Than Bowling.

As Georgette (in the pink dress) in The Traveling Lady

As Holly (with the bike) in More Fun Than Bowling

As Mary Bailey (in the green dress) in It's a Wonderful Life
Mary recently visited Ireland and climbed the stone steps to the castle at the top of the Cliffs of Moher.

Mary stays in shape with walks around her neighborhood, and also...

...from learning to line dance.
Manhattan Beach, CA 90266
November 4, 2001

Gordon Norman MD, Chairperson
Quality Improvement Cttee.
Secure Horizons
P.O. Box 10016
Cypress, CA 90630-9938

I had my flu shot the day before I received your letter. I received it from my Dr. Han Lin Boo at UCLA clinic a block from my home, which is covered by Secure Horizons. (Actually a nurse administered the shot.)

I am a retired teacher who had not paid into Social Security, but got a job nights at Sears when I turned 65 and made up my required quarters. My school district has since canceled retirees health insurance, so I am very glad to be covered by Medicare and my selection of Secure Horizons.

I became ill with heart problems three years ago, but have received great care provided by Secure Horizons, have lost 85 pounds, walk a mile 4 days a week and feel great. I just want to thank Secure Horizons for taking care of me. I’m having a great time.

Thank you,

Mary M. Waters
77 years old
May 21, 2001

President
PacifiCare 10833 Valley View Blvd.
Cypress, CA 90630

Re: Anita

I would like to call Attention to the help one of your staff afforded me in a time of stress. Last March, I was diagnosed with a Macular Hole in the retina of my right eye. I researched the available eye surgeons and found the most qualified in the Central San Joaquin valley to be Dr. Bertolucci who was doing business with Secure Horizons at that time as a member of Matrix. Unfortunately, your changing to Sante left my wife and I without him.

However, after explaining my situation to Anita, she solved the problem and we were assured the surgery would be performed by Dr. Bertolucci under a special agreement with PacifiCare. With our surgery date scheduled for May 21st, we went on with our plans for a vacation. What a traumatic surprise it was just late last Friday afternoon to get a call from Dr. Bertolucci’s office that the surgery was cancelled because all the paper work wasn’t in place, I called Anita’s voice mail at 3:30 pm Friday afternoon. What a pleasant surprise when she returned the call at 5:45 and had been in touch with Dr. Bertolucci’s office. She brought me up-to-date and said that she would give it her full attention Monday morning. She did and the surgery is rescheduled for tomorrow.

I have said all this to tell you what a fine, compassionate person I found Anita to be. She patiently listened to my original problem; and I was up tight... Then Friday, more up tight than ever, she was ever patient and sympathetic to me, and, as I mentioned, solved the problem this morning. I have hired and trained hundreds of employees over my lifetime and Anita would be at the head of the class.

All in all, you are very fortunate to have her representing PacifiCare at this stressful time in your life... I am one problem you won’t have to face because of Anita’s handling of the situation.

[Signature]

Art Goertzen
Ahwahnee, CA 93601
Art likes to spend time on the computer downloading music. Sometimes he gets requests from his wife, Sally.

Art, Sally and their dog, Sam, live on a hilltop in a house Art built himself.

Art keeps an eye chart taped to the bedroom door so he can monitor the improvement in his eyesight.
The member correspondence on the preceding pages reflects the dedication of PacifiCare employees to making people’s lives healthier and more secure—a commitment embodied in the company’s mission statement. As we strive to put words into action, we have asked our members for their input and feedback to better implement solutions to address their needs and desires. Over the past year, we created several new programs and services and began providing new resources that go well beyond simply telling our customers that “we care.”

Responding to their desire for greater control over their health care decisions, in 2001 we developed new managed care products offering consumers greater choice and flexibility. Under PacifiCare’s new PPO product, which was introduced in California, Texas, Oklahoma and Colorado, the primary care physician is eliminated, administrative procedures are streamlined and members have access to a larger network of physicians and hospitals. Our PPO product is supported by a staff of experienced actuaries and underwriters and a new centralized indemnity service center established to process medical claims quickly and accurately. Our goal later in 2002 is to launch the PPO in the other four states where we operate health plans.
We also introduced an innovative new HMO product called the Select Hospital Plan, which allows PacifiCare to provide a broad choice of network providers to our members, while directing them to the most efficient and effective hospitals. Co-payments for members who choose a primary care physician affiliated with one of the “Select” facilities are waived for inpatient hospitalization or outpatient surgery benefits. About half of the hospitals with which PacifiCare contracts in California were included in the plan when it became effective as of January 2002.

Women’s HealthSolutions is a collection of more than two dozen programs and services designed to meet the special needs of women and their families. Research shows that women influence 75-85% of the health care decisions and account for two-thirds of all doctor visits, excluding visits made with children or relatives. Women are also twice as likely as men to switch health plans or doctors if they are dissatisfied. Through Women’s HealthSolutions, PacifiCare is addressing women’s needs for quality care, timely information, convenience, specific health and wellness programs, access to OB/GYNs and pediatricians, and expanded features beyond traditional benefits. For example, the 24-Hour Health Information Program allows busy women to access health information by phone or over the internet at their convenience. Women experience depression twice as often as men do, and our Taking Charge of Depression program is designed to increase communication between members and behavioral health consultants and help ensure they take their medications on schedule. Other programs have been developed to help women stop smoking, understand treatment options for menopause, promote healthy pregnancies, control diabetes, guard against heart disease, and save money on oral contraceptives and hundreds of over-the-counter products, as well as alternative medicine, fitness, weight loss, infant care and other services.

For many years PacifiCare has been recognized as a leader in providing information on the quality of health care providers to consumers and employers through our proprietary Quality Index profile. This first-of-its-kind report, currently available in three states, measures specific areas of clinical and service quality, patient safety and affordability among the medical groups in PacifiCare’s networks. In 2001 in California, we expanded the concept by developing the Quality Index profile for Women, which contains data indicating how physicians address
the needs of female patients. In our continuing effort to differentiate the company on quality, a Quality Index® profile for hospitals is next in line.

Our commitment to quality also is evident in the accreditations PacifiCare plans have received from the National Committee for Quality Assurance (NCQA). This independent, non-profit organization reviews health plans to determine their compliance with more than 270 standards established in areas such as quality improvement, effectiveness of care, member satisfaction, utilization management, member rights and responsibilities, credentialing, preventive health and medical records. All of our health plans have received the NCQA’s two highest ratings, with five ranked as “Excellent” and three as “Commendable.” This year our California plan became the only statewide health plan to earn a three-year “Excellent” rating. Moreover, PacifiCare Behavioral Health’s Western Region was the first managed behavioral health care organization in the western United States to earn a three-year Full Accreditation from NCQA.

While PacifiCare’s primary focus over the past year has been on developing new products for the commercial market, we continue to play an important role in the senior market through our Secure Horizons® Medicare+Choice program. In 2001 we built on our tradition of serving seniors as we introduced Medicare Supplement plans in seven states. This indemnity product fills gaps in traditional Medicare coverage, as well as provides an important option to seniors affected by the increasingly limited availability of Medicare+Choice due to government shortfalls in funding. Our goal in 2002 is to begin offering Secure Horizons Medicare Supplement in as many as nine additional states outside of our current operating areas.

Other plans for serving senior customers include the development of additional products, services and resources that go beyond traditional health insurance and our current base of customers. These additions to the Secure Horizons® product line will be borne out of our ongoing dialogue with members to learn what we can provide to enhance their health and well-being, lifestyle and financial security.
OFFICERS & DIRECTORS

Directors
David A. Reed
Chairman, PacifiCare Health Systems
President, DAR Consulting Group

Bradley C. Call
Managing Director, JMW Capital Partners, Inc.

Shirley S. Chater, Ph.D.
Independent Management Consultant

Terry O. Hartshorn
Director, PacifiCare Health Systems

Arthur B. Laffer, Ph.D.
Chairman, Laffer Associates

Gary L. Leary
Independent Business and Legal Consultant

Sanford M. Litvack
Of Counsel, Dewey Ballantine, LLP

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President and Chief Executive Officer,
PacifiCare Health Systems

Warren E. Pinckert II
President and Chief Executive Officer,
Cholestech Corporation

Lloyd E. Ross
Chairman, American States Water Company

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President and Chief Executive Officer

Bary G. Bailey
Executive Vice President, Pharmacy & Technology

Katherine F. Feeny
Executive Vice President, Senior Solutions

Joseph S. Konowiecki
Executive Vice President, General Counsel and Secretary

Gregory W. Scott
Executive Vice President, Chief Financial Officer

Susan L. Berkel
Senior Vice President, Corporate Controller
Judy A. Ehrenreich  
Senior Vice President, Human Resources

Maria Z. Fitzpatrick  
Senior Vice President, Chief Information Officer

Robert N. Franklin  
Senior Vice President, Public Affairs

John F. Fritz  
Senior Vice President, Chief Actuary

Michael R. Henderson  
Senior Vice President, Finance

Health Plans Division Executive Officers  
Bradford A. Bowlus  
President and Chief Executive Officer, Health Plans Division

George H. Becker, Jr.  
Senior Vice President, Southwest Region

James A. Frey II  
Senior Vice President, California

Richard F. Rivers  
Senior Vice President, Central Region

Ferial Bahremand  
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Ronald M. Davis  
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Michael Kaufman, M.D., J.D.  
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Richard C. Roge  
Senior Vice President, Commercial Marketing and Product Development

Donna Verrett  
Senior Vice President, Business Transformation

Specialty Company Officers  
Jerome V. Vacciore, M.D.  
Senior Vice President, PacifiCare Specialty Health Businesses

Edward W. Feaver  
President, Prescription Solutions
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Santa Ana, CA 92799-5186
http://www.pacificare.com

SEC Form 10-K and Investor Information
A copy of the company’s annual report to the Securities and Exchange Commission on Form 10-K is available without charge upon request to the company’s Investor Relations department. Shareholders or other persons with questions are invited to call: Suzanne Shirley, Vice President — Investor Relations (800) 631-0969 or write to the mailing address: PacifiCare Health Systems, Inc.
P.O. Box 25186
Mai Stop L001-345
Santa Ana, CA 92799-5186

Stock Symbol
PacifiCare’s stock is traded on The Nasdaq Stock Market (SM) under the symbol PHSY.

Transfer Agent and Registrar
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Ridgefield, New Jersey 07660
(800) 356-2017

Corporate Counsel
Konowiecki & Rank
Los Angeles, California

Securities Counsel
Cooley Godward LLP
Palo Alto, California

Auditors
Ernst & Young LLP
Irvine, California

Annual Meeting
The Annual Meeting of Shareholders will be held at 10:00 a.m. on June 13, 2002 at the PacifiCare Health Systems Learning and Conference Center, 3515 Harbor Boulevard, Costa Mesa, California.