

**CHARTER OF THE EXECUTIVE COMMITTEE
OF THE BOARD OF DIRECTORS OF PACIFICARE HEALTH SYSTEMS, INC.**

I. PURPOSE OF THE COMMITTEE

The purposes of the Executive Committee (the "Committee") of the Board of Directors (the "Board") of PacifiCare Health Systems, Inc. (the "Company") shall be to exercise all of the powers and authority of the Board on all matters concerning the management and direction of the business and affairs of the Company which require immediate attention between regularly scheduled meetings of the Board, subject to such limitations as may be imposed from time to time by the Board, applicable law or the Company's Bylaws. The Committee shall promptly report to all members of the Board any action it may take. The Committee shall perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

II. COMPOSITION OF THE COMMITTEE

For purposes of this Charter, "Independent Directors" shall be members of the Board who qualify as independent directors under the listing standards of the New York Stock Exchange and the "Lead Independent Director" shall be the Chairman of the Board if the Chairman of the Board is an Independent Director. If the Chairman of the Board is not an Independent Director, then the Board, upon recommendation of the Governance and Nominating Committee, will designate one of the Independent Directors to serve as the Lead Independent Director. The Committee shall be comprised of the Chairperson of each of the standing committees of the Company, the Lead Independent Director and the highest-ranking employee executive of the Company (the "Principal Executive Officer") if the Principal Executive Officer is a member of the Board. The members of the Committee shall be elected annually to one-year terms by majority vote of the Board at the first meeting of the Board following the annual meeting of stockholders. After considering the recommendations of the Governance and Nominating Committee, the Board shall fill any vacancies on the Committee by a majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Directors then in office.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet as frequently as the Committee deems necessary to carry out its duties and responsibilities. The Chairperson of the Committee shall be the Lead Independent Director. The Chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee

deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a summary of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

IV. COMMITTEE RESPONSIBILITIES

The goals and responsibilities listed below are within the authority of the Committee.

- (a) The Committee has the power and authority of the Board to the full extent permitted by Delaware law. The powers that cannot to be delegated to the Committee under Delaware law are the powers to: (i) approve, adopt or recommend to the stockholders any action or matter expressly required by Delaware law to be submitted to stockholders for approval; and (ii) adopt, amend or repeal any bylaw of the Company.
- (b) The Committee is not intended to displace the Board. Instead the Committee is to provide timely leadership and oversight at the Company while consulting as much as practical and appropriate with the Board and referring to the Board for ultimate action on material transactions.
- (c) The Committee is responsible for determining when, how, by and with whom any discussion should be had or actions taken concerning strategic alternatives or any material financial transactions and shall involve management and the Board as it deems appropriate under the circumstances.
- (d) The Committee is responsible for identifying and evaluating potential candidates qualified to serve as the Principal Executive Officer and making its recommendations to the Board. In evaluating potential candidates, the Committee shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity and reputation in the business community.
- (e) The Committee may perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing.

In performing their duties pursuant to this Charter, the members of the Committee shall have and exercise a fiduciary obligation to the Company and all its stockholders and shall have

such duties of care and loyalty as would attach to the members of the Board in exercising the same or similar duties.

V. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall provide a report to the Board as to the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate consultants to assist the Committee in carrying out its responsibilities, including sole authority to approve the fees and other retention terms of such consultants, such fees to be borne by the Company.