

CONTROLLER STEVE WESTLY

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov/

PR 005:47

FOR IMMEDIATE RELEASE:
Nov 14, 2005

CONTACT: RUSS LOPEZ
916-207-9094

Westly Challenges HMO Mega Merger Pay Deal

SACRAMENTO -- Controller Steve Westly today voted to oppose the PacifiCare and UnitedHealthcare merger deal unless its \$300 million executive compensation package is put before shareholders for a separate vote.

“That \$300 million for executives could make a difference to shareholders and consumers who are struggling with skyrocketing health care costs,” Westly said.

The California Public Employees' Retirement System board voted today to oppose the merger unless the compensation package is put before shareholders for a separate proxy vote. Currently, shareholders will make a single vote on all elements of the merger deal, including the compensation package.

Westly has previously asked for assurances that the merger will not increase health care costs. He has also urged CalPERS to analyze merger deals from several approaches, going beyond stock price and weighing other effects a merger could have on CalPERS.

The PacifiCare-UnitedHealthcare merger is one of three major health care consolidations in the last year. WellPoint, Inc. and WellChoice, Inc. announced their intention to merge last month. Last November, WellPoint and Anthem merged, producing the nation's largest health plan. Westly raised concerns about the Well Point-WellChoice merger last month, citing the potential for higher health care costs due to reduced competition in the health care market.

The WellPoint-WellChoice and PacifiCare-UnitedHealthcare mergers involve more than 10 million California patients, including the nearly 300,000 that belong to CalPERS plans managed by Blue Cross of California, a subsidiary of WellPoint. CalPERS is the nation's third-largest purchaser of health care.

###