

HEALTH NET INC

NYSE: HNT
Industry: Health Care Providers & Services

SABRIENT
STRONG
BUY
RATING

Stock Fundamentals as of April 27, 2009

Sabrient Rating	Strong Buy
Ticker	HNT
Market Cap Designation	Mid-cap
Market Capitalization (Billions)	\$1.4
Price	\$13.84
52-Week High/Low	\$32.39/7.38
EPS (TTM)	\$0.88
P/E Ratio (TTM)	15.7
Dividend Yield	N/A
S&P 500 P/E Ratio	16.1
Price/Book Ratio	0.8
Price/Sales Ratio	0.1
30-Day Average Volume (Millions)	1.8
Beta	1.33
Current Ratio	1.6
Short Interest Ratio	4.5
Shares Outstanding (Millions)	103.9

Sabrient Ratings

Sabrient's Buy/Hold/Sell ratings are based on a combination of dynamic filters that determine which attributes of a stock are most predictive in the prevailing market and which stocks best reflect those attributes but are not yet rewarded.

Sabrient starts with an "extraction" process that uses the best performing filters to identify stocks having certain compelling attributes currently sought by the market. Then, a composite scoring process uses a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. As a result, the Buy/Hold/Sell rating may, in certain cases, seem inconsistent with a simple average of the scores cited in this analysis.

A BUY rating means the stock is expected to outperform its relevant benchmark substantially over the next 6 months. A SELL rating means the stock is expected to underperform its relevant benchmark substantially over the next 6 months. A HOLD rating means the stock is expected to perform in line with its relevant benchmark over the next 6 months.

If a stock is rated HOLD, the investor should review the stock's history of Sabrient ratings to see if it has recently changed to HOLD from BUY or SELL. If so, this indicates one of the following: (1) there has been a significant change in the stock's fundamentals, (2) the stock is already appropriately rewarded or punished by the market, or (3) there simply has been some recent price consolidation that warrants attention. A reading of Sabrient's analysis should identify which it is.

More about Sabrient on Page 4

Sabrient's Market Cap Designations

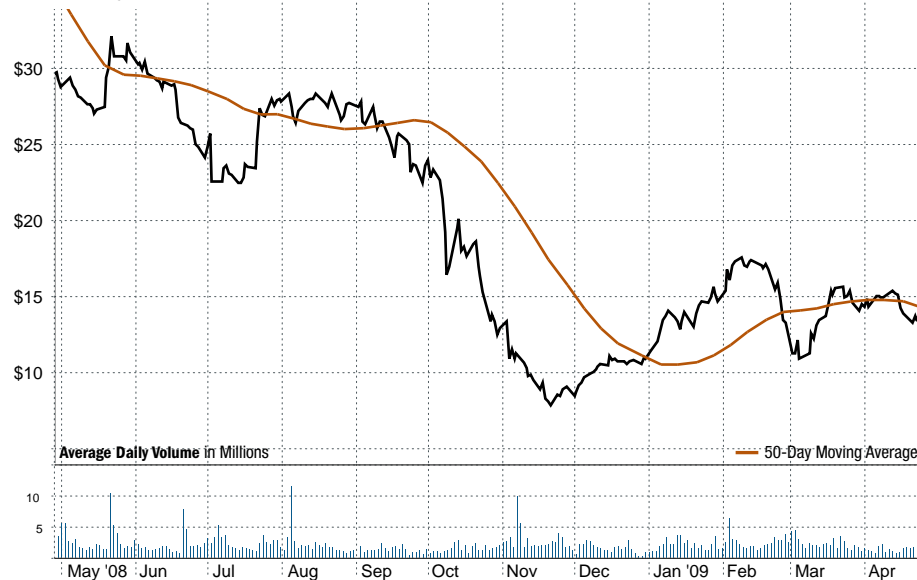
Large Cap	> \$5.0 Billion
Mid Cap	\$1.0 - \$5.0 Billion
Small Cap	\$150 Million - \$1.0 Billion
Micro Cap	< \$150.0 Million

Report prepared on April 28, 2009 Page 1

Please see important disclaimer on page 5 of this report.

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HEALTH NET INC



Company Profile

Health Net, Inc., together with its subsidiaries, operates as an integrated managed care organization in the United States. The company delivers managed healthcare services through health plans and government sponsored managed care plans.

Earnings and Revenue Update: For the quarter ended December 31, 2008, Health Net reported earnings of \$35.5 million or \$0.34 per share compared with \$18.5 million or \$0.17 per share for the prior quarter and \$116.9 million or \$1.04 per share for the same quarter one year ago. Revenues were \$3.9 billion for the quarter ended December 31, 2008 compared with \$3.8 billion for the prior quarter and \$3.6 billion for the same quarter one year ago. Last twelve months' earnings were \$0.88 per share compared with \$1.70 per share a year ago. Last twelve months' revenues were \$15.4 billion compared with \$14.1 billion a year ago.

Sabrient Analysis

Sabrient rates HNT a Strong Buy based on its overall superior scores across a number of important metrics that indicate future market outperformance.

- **Value:** A Sabrient Value Score of 88.1 indicates that HNT's stock price does not fully reflect recent and projected earnings results. This implies that the stock holds considerable potential for price gain together with reduced downside risk.
- **Growth:** A Sabrient Growth Score of 55.8 puts HNT in the middle of the market with regard to growth prospects.
- **Momentum:** HNT receives a Sabrient Momentum Score of 15.0, which puts it among the lowest Sabrient momentum rankings. The score is a composite measure of price, earnings and group momentum.
- **Timeliness:** HNT has a Sabrient Timeliness Score of 2.9. This measures technical strength based on short-term and long-term price performance and long-term group strength.

Sabrient Analysis continued on Page 3

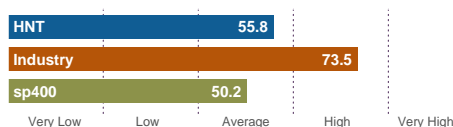
Sabrient

Leaders In Investment Research

Current Sabrient Scores Compared with Industry and Relevant Benchmark

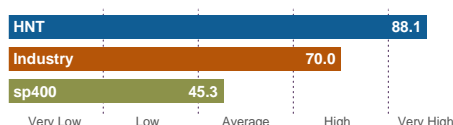
These Sabrient scores compare various aspects of HEALTH NET INC with its industry and relevant benchmarks. The scores are percentile rankings from 0 to 99.9. Higher scores are better. We use a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. Therefore, the Sabrient rating may seem inconsistent with a simple average of the scores cited in this analysis.

Growth Score: 55.8



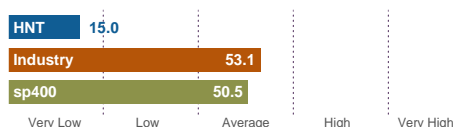
The Sabrient Growth Score reflects a company's historical and projected earnings growth, revenue and sales growth, projected cash flow, analyst activity, and changes in earnings estimates, each over various time periods. The higher the score, the better the combined performance of these key measures. With a Sabrient Growth Score of 55.8, Health Net is moderately lower than the average of its industry group, which has a Sabrient Growth Score of 73.5.

Value Score: 88.1



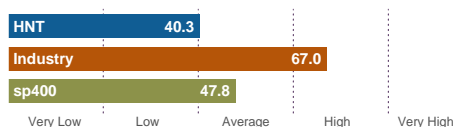
The Sabrient Value Score measures the relationship between a company's stock price and its intrinsic value, as indicated by earnings and balance sheet attributes, with an emphasis on earnings. Also considered are cash flow measures and fundamental valuation ratios. With a Sabrient Value Score of 88.1, Health Net is moderately higher than the average of its industry group, which has a Sabrient Value Score of 70.0.

Momentum Score: 15.0



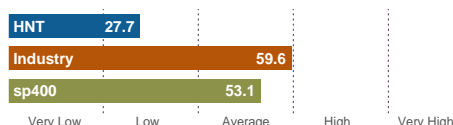
The Sabrient Momentum Score measures a company's earnings and price momentum, evenly weighted, and augmented by group strength, money flow, and relative volume. Core technical factors include current price relative to periodic highs and moving averages. With a Sabrient Momentum Score of 15.0, Health Net is well below the average of its industry group, which carries a Sabrient Momentum Score of 53.1.

Earnings Score: 40.3



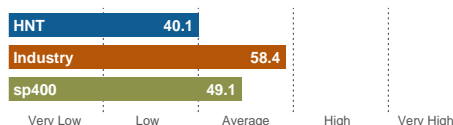
The Sabrient Earnings Score assesses a company's overall earnings performance and projected outlook. Time periods include an average look-back of three years with an emphasis on the past four quarters and a forward look of one to five years. With a Sabrient Earnings Score of 40.3, Health Net is considerably lower than the average of its industry group, which has a Sabrient Earnings Score of 67.0.

Balance Sheet Score: 27.7



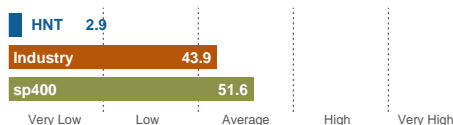
The Sabrient Balance Sheet Score measures a company's liquidity and debt issues, as well as receivables and inventory quality. This score is used to assess relative risk associated with a stock: the lower the score, most likely the higher the inherent risk. With a Sabrient Balance Sheet Score of 27.7, Health Net is well below the average of its industry group, which carries a Sabrient Balance Sheet Score of 59.6.

Fundamental Score: 40.1



The Sabrient Fundamental Score is the broad measure of a company's financial health, including its balance sheet, cash flow, revenue, and earnings quality. With a Sabrient Fundamental Score of 40.1, Health Net is moderately lower than the average of its industry group, which carries a Sabrient Fundamental Score of 58.4.

Timeliness Score: 2.9



The Sabrient Timeliness Score is an assessment of a stock's short and long-term price strength as determined by various chart-based indicators and measures of group momentum and relative price performance. With a Sabrient Timeliness Score of 2.9, Health Net is significantly lower than the average of its industry group, which carries a Sabrient Timeliness Score of 43.9.

Peer Analysis

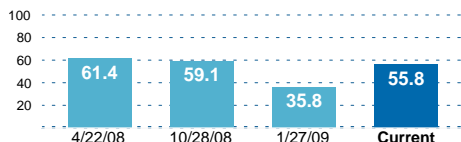
This table compares HNT with other similar-sized companies in the same industry group, focusing on Sabrient's growth, momentum and value scores, which represent the three main investing styles. The Peer Analysis chart compares HNT's 2-year total return with the average 2-year total return of these companies.



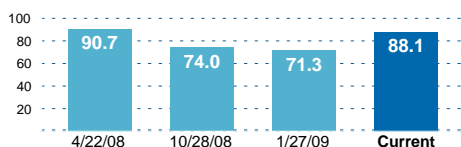
Historical Sabrient Scores

The recent histories of key Sabrient scores provide insight into the stock's trends -- whether they are increasing or decreasing in strength in a particular area or simply holding steady. The Sabrient scores are percentile rankings from 0 to 99.9, with higher scores better. Keep in mind that Sabrient ratings may seem inconsistent with a simple average of these key scores because a weighted average of several key scores is used to quantify the relative likelihood of upside or downside price action.

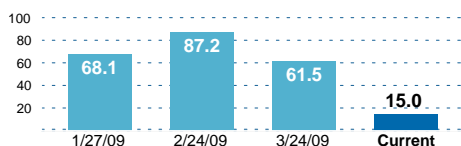
Growth Score: 55.8



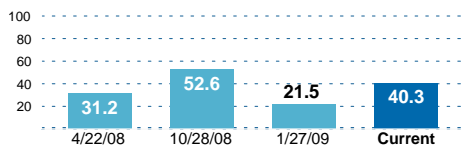
Value Score: 88.1



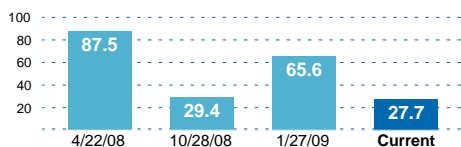
Momentum Score: 15.0



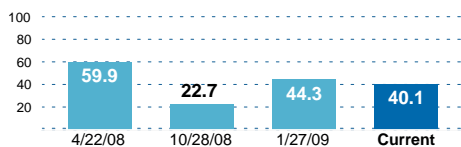
Earnings Score: 40.3



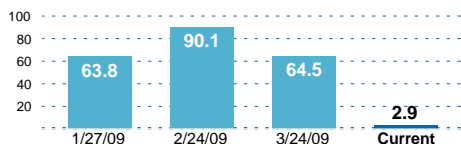
Balance Sheet Score: 27.7



Fundamental Score: 40.1



Timeliness Score: 2.9



Sabrient Analysis continued from Page 1

- **Best Performing Filters:** To determine the likelihood of near-term performance, Sabrient builds and backtests "Smart Filters" to establish which caps, styles and attributes are drawing a premium in today's market. Currently, the three most predictive filters for the relevant segment are:

Composite Growth Filter: The Composite Growth Filter includes long-term and short-term factors related to earnings, cash flow and revenue growth. The filter has significantly outperformed its mid-cap benchmark over the past three months. HNT scores 59.0 for this filter.

Financial Quality Filter: The Financial Quality Filter assesses a company's financial health, emphasizing cash flow, along with projections for bottom-line and recent top-line growth. It is currently among Sabrient's best performing filters in the mid-cap market. HNT scores 82.5 for this filter.

Valuation Ratios Filter: The Valuation Ratios Filter is a proxy for fundamental valuation, bestowing high Sabrient scores on stocks with low, and therefore favorable, valuation ratios such as price-to-earnings and price-to-sales. This filter outperformed its mid-cap benchmark by a substantial margin over the past three months. HNT scores 70.9 for this filter.

In summary, HNT's Strong Buy rating is based on a profile of forward-looking metrics which show this stock could significantly outperform the broader markets.

What the Market Wants: April 2009

[Note: 'What the Market Wants' is based on the market behavior and Sabrient's filter backtesting results for the previous month.]

SPRING BRINGS HOPE TO MARKET

By David Brown, Chief Market Strategist

(April 2, 2009 5:25 pm PST) The first week of March spawned a terrible market, chiefly caused by Moody's downgrading the creditworthiness of J.P. Morgan and threatening to do the same to others. On March 6, the S&P 500 hit a low of 683, its lowest level in nearly 13 years. As so often happens when clouds are the darkest, the market recovers, and indeed, it did so this time, starting the second week of March.

Based on comments from Citibank, J.P. Morgan and other banks that they had indeed made profits for the first two months of the year, the market roared back with one of its best weeks since last November. That was followed with two more weeks of positive performance, caused by a plethora of leading indicators, such as durable goods orders, new housing sales, personal income, consumer confidence, reporting poor but better than expected numbers. In some cases, such as retail sales, there were small gains.

To be sure, the unemployment reports and jobless claims continued to report downright frightening numbers, but it seemed that those who were employed were finally starting to come back into the economy and spend some money.

So March ended as the first positive month since December, with the Nasdaq leading the way, up nearly 11%. All of the indices we follow were up 8% or more, except for the Dow Jones Industrial Average, which gained 7.7%. It is very hard to say whether large-caps, small-caps or mid-caps did better, since they were all quite similar, but growth clearly outperformed value in each style/cap.

Granted, the first quarter ended up negative with the Russell MidCap Growth Index, the best style/cap, losing a little over 3%, and the Russell 2000 Value Index, the worst style/cap losing over 20%. The Nasdaq itself lost only 3% for the quarter, while the S&P 500 lost nearly 12%, so we should hold off on our celebrations until this rally extends further.

Some fairly violent down days have proved that we're not out of the woods yet. This past Monday (3/30), the Administration came down pretty hard on the auto industry, and the market pulled back sharply. It pulled back sharply another day when a Treasury auction did not go well.

So the market is still a dangerous place, and the bear is not yet dead, but the breadth and continuity of this rally gives us some hope that the worst is over. Indeed, respectable economists are forecasting the economy to turn positive either late this year or early next. The market normally discounts 6 to 9 months ahead, so we are cautiously optimistic that we'll see a number of positive market weeks in the months ahead.

This is the time for prudent building of your portfolio. The market is still awash with deep bargains, many not seen in the past 20 or 30 years, with a lot of excellent companies selling for 5 times earnings or less. Growth metrics are the clear favorite of this market and have been since the first of the year. Growth at a reasonable price and with strong cash flow is the favored characteristic of winners.

Historically, it is a sign of the end of a bear market when investors begin showing a clear preference for growth as opposed to value. That appears to be the case, at least for now.

Next update: First week of May.

Company Description

Health Net, Inc., together with its subsidiaries, operates as an integrated managed care organization in the United States. The company delivers managed healthcare services through health plans and government sponsored managed care plans. The company's health maintenance organizations, insured preferred provider organizations (PPO), and point-of-service (POS) plans provide health benefits through group, individual, Medicare, Medicaid, TRICARE, and Veterans Affairs programs. Its health plans offer various healthcare services, including ambulatory and outpatient physician care, hospital care, pharmacy services, behavioral health, and ancillary diagnostic and therapeutic services. The company also provides behavioral health, substance abuse, and employee assistance programs; managed healthcare products related to prescription drugs; managed healthcare product coordination for multi-region employers; and administrative services for medical groups and self-funded benefits programs. In addition, it owns health and life insurance companies licensed to sell exclusive provider organization, PPO, POS, and indemnity products, as well as auxiliary non-health products, such as life and accidental death and dismemberment, dental, vision, behavioral health, and disability insurance. Further, the company provides healthcare related services to the U.S. Department of Defense on contract basis. It markets its products and services to individuals and employer groups through inside sales staff, brokers, agents, and consultants, as well as through the Internet. The company was founded in 1985 and is headquartered in Woodland Hills, California.

About Sabrient

Sabrient Systems is an independent research firm providing statistical analysis of a company's fundamental data to investment professionals. We use a computer-driven, quantitative methodology to identify stocks that appear poised to outperform or underperform the market.

The Sabrient methodology was developed by an experienced research team led by David Brown, a former NASA scientist and retired CEO of Telescan and designer of its premier stock search program, ProSearch. The research team employs a scientific approach to the creation and testing of multi-factor filters. Each filter targets a key area of traditional stock analysis, including value, growth, momentum, fundamentals, earnings, balance sheet, and group strength. Using an adaptive process, filters are continually tested and monitored to ensure that only the best performing filters are at work.

Sabrient's ratings begin with an extraction process in which each of the few best-performing filters scans the universe of equities to identify stocks having certain compelling attributes sought, but not sufficiently rewarded, by the current market. Then, a composite scoring system employs a broader set of "weighting" filters to rank the extracted stocks. To support individual investors, Sabrient uses the same sophisticated methodology to provide individual stock reports on a universe of approximately 5,600 stocks.

Sabrient regularly tests the performance of its stock selections, using its primary list of published rankings and statistical techniques it believes appropriate. These recommendations have consistently outperformed relevant benchmarks across a broad range of investing styles, market caps, time frames and market conditions, demonstrating the robustness of Sabrient's proprietary methodology. While past performance is no guarantee of future results, Sabrient believes it can maintain its strong performance through its rigorous, scientific approach to filter construction and ongoing backtesting within a dynamic and adaptive composite scoring system.

For more information on Sabrient and its performance, go to www.sabrient.com

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