



December 12, 2008

Dear Clear Choice Shareholder:

As a public insurance company, we are approached from time to time by individuals and businesses expressing interest to engage in various transactions. Consistent with its fiduciary duties, our Board of Directors and management team will, as appropriate, evaluate and consider such business proposals.

I want to make you aware of one such recent inquiry by Eugene-based Agate Resources, which recently approached us with an unsolicited proposal to acquire our company by forming a new company through an exchange of stock. As part of its proposal, Clear Choice would become a wholly-owned subsidiary of the newly formed entity whose board would be controlled by Agate selected representatives.

Our Board of Directors recently met with Agate representatives to allow them the opportunity to present their thoughts. After considering the Agate proposal, our Board unanimously concluded that their proposal is grossly unfair to our shareholders and would not be in the best interest of Clear Choice from a business perspective.

Since Agate has, in our opinion, wrongfully gone to the news media on behalf of its self-serving interests, I am writing to you directly so there will be no confusion and to provide some of the reasons that our Board rejected the Agate proposal.

1. No Strategic Fit. While we are always looking for ways to enhance shareholder value, we believe Agate is clearly the wrong strategic fit for Clear Choice and would not enhance value. Our Board and management have worked diligently to strategically balance and diversify our portfolio of businesses among Medicaid through the Oregon Health Plan ("OHP"), Medicare Advantage and a growing line of commercial insurance products. Moreover, we have expanded our commercial business in Central Oregon and Montana; in addition, Clear Choice is licensed in Idaho and Washington, with significant potential for future commercial expansion. Unlike Clear Choice, Agate has concentrated nearly all of its business efforts and development on OHP business in Lane County, Oregon. Due to Agate's nearly singular focus on OHP business, any resulting combination of the two companies would upset our strategic balance and place an inordinate, and we believe unwise, concentration of business in the OHP category.

The recent national economic downturn has severely affected our state economy and will likely result in significant budgetary cuts at the state level that could have a significant adverse impact on OHP business. As a result of such budgetary cuts, OHP reimbursement rates are likely to be reduced, which, in turn, would reduce profit margins on OHP business. Because Agate is so heavily concentrated in OHP business, the current budgetary constraints in Salem and resulting cutbacks in state programs such as OHP are likely to have an adverse impact on Agate's business. Combining the two companies would expose our shareholders to significantly greater vulnerability with regard to the risks inherent in OHP business. Our diversified business model mitigates the risk inherent in concentrating business in just one business sector.

2. Unfair Terms. In addition to the poor business fit, the economic terms of the Agate proposal are grossly unfair to our shareholders. On a net book value basis, Clear Choice would contribute approximately 80% of the projected consolidated book value of the newly formed combined entity, and Agate would contribute 20%. Yet, under the Agate proposal, the Clear Choice shareholders

would receive only a 50% ownership stake in the combined entity, with Agate shareholders receiving the other 50%. On a net book value basis, this would result in the Agate shareholders receiving a 38% premium and the Clear Choice shareholders receiving a 38% discount. There is no plausible reason for us to ever consider such a low and unfair offer. Further to this point, cash and liquid investments make up a substantial portion of our net book value. The Agate proposal appears to us to be a scheme for Agate to inexpensively gain access to our capital that Agate needs to fund its own business.

3. Grossly Inadequate Cash-Out Price. For shareholders wishing to cash out and not receive stock in the newly formed entity, under the Agate proposal they would receive a 15% premium over the last 120 average trading day price of our stock. As of the date of this letter, this price would be approximately \$12.62 per share. Our Board believes that such a price is grossly inadequate. The market for the shares of Clear Choice's common stock is highly illiquid and is not an accurate indicator of the intrinsic value of the Company in a transaction of this kind. The Agate cash out offer price is significantly less than the net book value (approximately \$28 per share) or liquidation value of our Company and clearly does not adequately reward our shareholders for their long term investment.

Clear Choice is a substantially larger company than Agate, which is a privately held company. Under the Agate proposal, we would be contributing significantly greater assets, revenues and membership base to the newly formed entity. However, our shareholders would only receive a 50% ownership stake in the newly formed entity and a grossly inadequate cash out option.

4. Preservation of Important Community Relationships. Our success depends in large part on maintaining close community relationships with all our physician and hospital providers and other stakeholders in Central Oregon. The Eugene-based governance structure contained in the Agate proposal would jeopardize key relationships with our Central Oregon-based providers, which, in turn, would adversely impact our business.

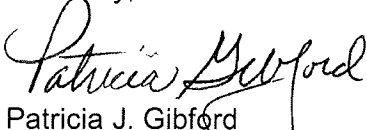
We believe that the true motive of Agate is to enter the Central Oregon marketplace and become a more diversified company like Clear Choice by acquiring our commercial insurance line of products. They also would gain easy access to our cash and other liquid assets to fund their business.

Given the current gloomy financial outlook facing our state legislature and the likely resulting adverse impact on Agate's OHP business, we are not surprised that Agate would view Clear Choice as an attractive takeover target.

So, for all the reasons described above, we believe that the Agate proposal is inherently unfair to our shareholders and not in the best interests of Clear Choice. Our Board has therefore rejected it.

You may be contacted by Agate in the future. We will update our website at www.clearchoicehp.com from time to time with additional information regarding Agate's activities, if necessary. We want you to know all the facts and you should check our website for any additional information.

Sincerely,


Patricia J. Gibford
CEO and President

Enclosure: Safe Harbor Statement

Safe Harbor statement under the Private Securities Litigation Reform Act of 1995

Certain statements contained in this letter are forward-looking in nature and involve a number of risks and uncertainties. Such forward-looking statements including statements relating to economic forecasts, state budgetary situations and impact on the insurance business are within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. The words “believe,” “estimate,” “expect,” “intend,” “anticipate,” “plan,” “appears,” “will,” “anticipates”, and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they were made. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on these forward-looking statements.