



FOR IMMEDIATE RELEASE

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**DEFINITY HEALTH SECURES \$25 MILLION
IN SECOND-ROUND PRIVATE FINANCING**

MINNEAPOLIS – June 13, 2001 – Minneapolis-based Definity Health (www.definityhealth.com), a leading provider of consumer-driven health benefits, today announced that it has secured \$25 million in second-round private financing. Primary investors include Psilos Group Managers, Merrill Lynch Ventures, Alta Partners, Toronto Dominion Investments and Brightstone Capital.

The funding will enable the new health benefit company to enhance the company's operations and infrastructure in order to accommodate substantial growth in the number of employers and employees who choose its consumer-driven health benefit program.

“The significant commitment of our investors, especially in the context of the current volatile capital market, is validation of our efforts to create a more consumer-driven health care marketplace,” said Tony Miller, chief executive officer of Definity Health. “We are delighted to have their strong vote of confidence in our business model and what we have accomplished to date.”

Definity Health announced \$23 million in initial financing in April 2000. Since then, the company has built the organization and infrastructure to sell and service its health benefit program. Last fall, Definity Health announced that Fortune 250 companies Medtronic, Inc. and Aon Corporation as well as Minnesota-based Ridgeview Medical had begun offering its health benefit option to all or some of their employees. Definity Health became the first of a new generation of health benefit companies, committed to greater consumer involvement in health care decisions, to sign customers. In addition, the University of Minnesota will offer the Definity Health benefit to its 16,000 employees, beginning Jan. 1, 2002.

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Al Waxman, who serves as board chairman of Definity Health and Psilos Group Managers, said, “The marketplace is ready for new health benefit designs that address the issues of quality, choice and cost. Definity Health offers a true alternative and, as such, is attracting wide interest among employers. With new financing in place, Definity Health is in a strong position to continue leading the new consumer-driven health benefits category and create a more market-based health care arena.”

Definity Health’s benefit program differs dramatically from managed care and other health benefit plans by putting consumers in charge of their own healthcare choices, equipping them with the information and support they need to make decisions and providing financial incentives and resources that promote more effective and efficient use of health care services.

Under the Definity Health benefit, members pay for health care services of their choice out of their Personal Care Account, an account funded by employers at a set amount each year. Any funds left in the Personal Care Account at year-end roll over and may be used by employees for future medical expenses. If an employee’s annual health care costs exceed funds in the Personal Care Account, health coverage is provided once a deductible is met. In addition, Definity Health provides extensive tools and information to support the increased level of consumer choice and responsibility and help members make better informed health and wellness decisions.

Minneapolis-based Definity Health began operations in early 1999 with the goal of providing health benefit programs that give consumers both greater choice and responsibility in their healthcare decisions. Definity Health has developed strategic relationships with Aon Corporation, Johns Hopkins, Synertech, Wells Fargo, Active Health Management and Merck-Medco.

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