

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

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Matthew T. Zilhaver and Sascha Linn,))
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Plaintiffs,))
))
v.)	Civil Action No. 06-cv-02237
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UnitedHealth Group Incorporated,))
L. Robert Dapper, James A. Johnson,))
William G. Spears, Mary O. Munding,))
William W. McGuire, and Stephen J.))
Hemsley,))
))
Defendants.))
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CLASS ACTION SETTLEMENT AGREEMENT

This CLASS ACTION SETTLEMENT AGREEMENT ("*Settlement Agreement*") is entered into by and between *Named Plaintiffs* (as defined below) in the above-captioned action for themselves and on behalf of the *Settlement Class* (as defined below), on the one hand, and the *Defendants* (as defined below) on the other, in consideration of the promises, covenants and agreements herein described and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate.

NOW, THEREFORE, without any admission or concession on the part of the *Named Plaintiffs* of any lack of merit of the action whatsoever, and without any admission or concession on the part of *Defendants* as to the merits of the action, it is hereby STIPULATED AND AGREED, by and among the *Parties* (as defined below) to this *Settlement Agreement*, through their respective attorneys, subject to approval of the Court pursuant to the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the *Parties* hereto from the *Settlement Agreement*, that all *Released Claims* (as defined below) as against the *Released Parties* (as defined below) shall be compromised, settled, released and dismissed with prejudice, upon and subject to the following terms and conditions:

1. Definitions.

As used in this *Settlement Agreement*, italicized and capitalized terms and phrases not otherwise defined have the meanings provided below:

1.1 "Action" shall mean: *Zilhaver v. UnitedHealth Group Incorporated, et al.*, Civil Action No. 06-cv-02237 (JMR/FLN), United States District Court for the District of Minnesota

(Hon. James M. Rosenbaum), and any and all cases now or hereafter consolidated therewith. *Action* specifically excludes the *Securities Action* and the *Derivative Action*.

1.2 "*Agreement Execution Date*" shall mean: the date on which this *Settlement Agreement* is fully executed, as provided in Section 11.12 below.

1.3 "*Appointed Counsel*" shall mean: *Lead Counsel* and any other attorney or law firm which has been authorized by the *Court* to, and has, rendered services for the *Settlement Class* in the *Action*.

1.4 "*Claims*" shall have the meaning set forth in Section 3.2.

1.5 "*Class Notice*" shall mean: the form of notice appended as Exhibit 1 to the form of *Preliminary Approval Order*, attached hereto as **Exhibit A**.

1.6 "*Class Period*" shall mean: December 21, 2005 through and including May 24, 2006.

1.7 "*Company*" or "*UnitedHealth*" shall mean: UnitedHealth Group Incorporated, each of *UnitedHealth's* predecessors and *Successors-In-Interest*, and each *Person* that controls, is controlled by, or is under common control with *UnitedHealth*, and any of their direct and indirect parents, subsidiaries, affiliates and *Representatives*, and any company whose employees participated in an *ERISA* plan set up or sponsored by the *Company*.

1.8 "*Complaint*" shall mean: the Second Amended Complaint, filed May 1, 2007.

1.9 "*Court*" shall mean: the United States District Court for the District of Minnesota.

1.10 "*Defendants*" shall mean the following persons and/or entities: UnitedHealth Group Incorporated, L. Robert Dapper, James A. Johnson, William G. Spears, Mary O. Munding, William W. McGuire and Stephen J. Hemsley.

1.11 "*Derivative Action*" shall mean: *In re UnitedHealth Group Incorporated Shareholder Derivative Litigation*, Civil Action No. 06-cv-01216 (JMR/FLN), United States District Court for the District of Minnesota (Hon. James M. Rosenbaum), and any and all cases now or hereafter consolidated therewith. *Derivative Action* specifically excludes the *Action*.

1.12 "*ERISA*" shall mean: the Employee Retirement Income Security Act of 1974, as amended, including all regulations promulgated thereunder, and court decisions interpreting *ERISA*, as amended or regulations promulgated thereunder.

1.13 "*Fairness Hearing*" shall have the meaning set forth in Section 2.2.3.

1.14 "*Final*" shall mean: with respect to any judicial ruling or order, that the period for any appeals, petitions, motions for reconsideration, rehearing, or *certiorari* or any other proceedings for review ("*Review Proceeding*") has expired without the initiation of a *Review Proceeding*, or, if a *Review Proceeding* has been timely initiated, that there has occurred a full and final disposition of any such *Review Proceeding* without a reversal or any material

modification, including the exhaustion of proceedings in any remand and/or subsequent appeal after remand.

1.15 "*Financial Institution*" shall have the meaning set forth in Section 7.1.1.

1.16 "*Independent Fiduciary*" shall mean the entity retained for the purposes set forth in Section 2.5.

1.17 "*Judgment*" shall have the meaning set forth in Section 2.3. A proposed form of the *Judgment* is attached hereto as **Exhibit B**.

1.18 "*Lead Counsel*" shall mean Stull, Stull & Brody.

1.19 "*Named Plaintiffs*" shall mean: Matthew T. Zilhaver and Sascha Linn.

1.20 "*Parties*" shall mean: the *Plaintiffs* and the *Defendants*.

1.21 "*Person*" shall mean: an individual, partnership, corporation, governmental entity or any other form of entity or organization.

1.22 "*Plaintiffs*" shall mean: *Named Plaintiffs* and each member of the *Settlement Class*.

1.23 "*Plaintiff Releasees*" shall have the meaning set forth in Section 3.3.

1.24 "*Plan*" shall mean: the UnitedHealth Group 401(k) Savings Plan, and all predecessor plans—including, without limitation, the PacifiCare Health Systems, Inc. Savings and Profit Sharing Plan (the "*PacifiCare Plan*")—or successor plans, individually and collectively, and any trust created under such *Plan*.

1.25 "*Plan of Allocation*" shall mean: the plan of allocation attached as **Exhibit C** hereto.

1.26 "*Preliminary Approval Order*" shall have the meaning set forth in Section 2.2.1.

1.27 "*Preliminary Motion*" shall have the meaning set forth in Section 2.2.1.

1.28 "*Released Claims*" shall have the meaning set forth in Section 3.2.

1.29 "*Released Parties*" shall mean: the Defendants (including the *Company*) and any Person who served as a trustee or named or functional fiduciary of the *Plan*, together with, for each of the foregoing, any predecessors, *Successors-In-Interest*, present and former *Representatives*, direct or indirect parents, subsidiaries and affiliates, and any *Person* that controls, is controlled by, or is under common control with any of the foregoing.

1.30 "*Releases*" shall mean the releases set forth in Section 3.

1.31 "*Representatives*" shall mean: representatives, attorneys, agents, directors, officers, or employees.

1.32 "*Securities Action*" shall mean: *In re UnitedHealth Group Incorporated PSLRA Litigation*, Civil Action No. 06-cv-01691 (JMR/FLN), United States District Court for the District of Minnesota (Hon. James M. Rosenbaum), and any and all cases now or hereafter consolidated therewith. *Securities Action* specifically excludes the *Action*.

1.33 "*Settlement*" shall mean: the settlement to be consummated under this *Settlement Agreement*.

1.34 "*Settlement Class*" shall mean: All current and former participants in the *Plan* (including the *PacifiCare Plan*) whose individual accounts in the *Plan* held units of the *UnitedHealth Group Stock Fund* at any time during the period December 21, 2005 through and including May 24, 2006, and the beneficiaries of such participants.

1.35 "*Settlement Fund*" shall have the meaning set forth in Section 7.1.

1.36 "*Successor-In-Interest*" shall mean: a *Person's* estate, legal representatives, heirs, successors or assigns, including successors or assigns that result from corporate mergers or other structural changes.

1.37 "*UnitedHealth Group Stock Fund*" shall mean: the fund maintained under Section 4.2.1 of the UnitedHealth Group 401(k) Savings Plan, as amended, and for portions of the *Class Period* prior to May 1, 2006, the fund maintained pursuant to Section 6.4(a) of the *PacifiCare Plan*, as amended effective December 20, 2005.

2. Conditions to Finality of the Settlement.

This *Settlement* shall be final when each of the following conditions in Sections 2.1 through 2.5 has been satisfied or waived.

2.1 Class Certification Solely for Purposes of Settlement.

2.1.1 The *Plaintiffs* have asserted that the *Action* should be certified as a class action as defined in the Federal Rules of Civil Procedure for settlement purposes only and for no other purpose than as set forth in and to effectuate this *Settlement Agreement*, and the *Defendants* will not object to such certification on the terms set forth in this *Settlement Agreement*. The *Parties* further agree that if the *Court* does not enter the *Judgment* then no *Settlement Class* will be deemed to have been certified by or as a result of this *Settlement Agreement*, and the *Action* will for all purposes with respect to the *Parties* revert to its status as of May 23, 2008. In such event the *Defendants* will not be deemed to have consented to the certification of any class, the agreements and stipulations in this *Settlement Agreement* concerning class definition or class certification shall not be used as evidence or argument to support class certification or class definition, and the *Defendants* will retain all rights to oppose class certification.

2.1.2 The *Court* shall have certified this *Action* as a class action for settlement purposes only pursuant to Rule 23(a)(1)-(4), 23(b)(1), and 23(e) of the Federal Rules of Civil Procedure, with *Plaintiffs* as the named Class Representatives, with *Lead Counsel* as counsel for the *Plaintiffs*, and with a "*Settlement Class*" defined as set forth in Section 1.34 above as a non opt-out class.

2.2 Court Approval. The *Settlement* shall have been approved by the Court, as provided for in this Section 2.2. *Lead Counsel* shall move the Court for an order and judgment approving this *Settlement Agreement* and the *Settlement* contemplated hereunder in the form of the *Judgment* attached as **Exhibit B** hereto. The *Plaintiffs* shall recommend to the Court that such order and judgment be entered, the *Defendants* will not object to such recommendation, and the *Parties* shall cooperate in good faith, including by taking all steps and efforts contemplated by this *Settlement Agreement* and any other steps or efforts which may become necessary by order of the Court (unless such order materially modifies the terms of this *Settlement Agreement*), to carry out this *Settlement Agreement*, including the following:

2.2.1 Motion for Preliminary Approval of Settlement and of Notice. As soon as reasonably possible upon the full execution of this *Settlement Agreement* by the *Parties*, *Plaintiffs* will file a motion ("*Preliminary Motion*") with the Court for an order substantially in the form annexed hereto as **Exhibit A**, including the exhibits thereto (the "*Preliminary Approval Order*").

2.2.2 Issuance of Class Notice. On the date and in the manner set by the Court in its *Preliminary Approval Order*, the *Plaintiffs* shall cause the *Class Notice* to be transmitted in the form and manner approved by the Court as directed in the *Preliminary Approval Order*. *Defendants* shall have no responsibility for transmittal or distribution of the *Class Notice*, except with respect to the cooperation required by Section 4.2.

2.2.3 The Fairness Hearing. On or after the date set by the Court for the hearing (the "*Fairness Hearing*") the Court will determine: (i) whether to enter judgment finally approving the *Settlement* (which judgment is referred to herein as the "*Judgment*"); and (ii) what legal fees, compensation, and expenses should be awarded to *Lead Counsel* and *Appointed Counsel*, and to the *Named Plaintiffs* as contemplated by Section 10 of this *Settlement Agreement*. *Defendants* agree not to take any position with respect to the matters described in clause (ii) of this Section 2.2.3.

2.3 Finality of Judgment. The Court shall have entered the *Judgment* substantially in the form attached as **Exhibit B** hereto, as more fully discussed in Section 2.2, and the *Judgment* shall have become *Final*.

2.4 Funding of Class Settlement Amount. The *Company* shall have caused the *Class Settlement Amount* to be deposited at the time prescribed by, and otherwise as provided for in, Section 7.2.

2.5 Settlement Authorized by Independent Fiduciary. At least twenty days prior to the *Fairness Hearing*, an *Independent Fiduciary* chosen by the *Company* shall have (i) approved and authorized in writing the *Settlement* in accordance with Prohibited Transaction Class Exemption 2003-39, or (ii) stated in writing that the *Settlement* does not constitute a prohibited transaction under ERISA § 406(a). If the *Independent Fiduciary* disapproves or otherwise does not authorize the *Settlement* (or states that it constitutes a non-exempt prohibited transaction under ERISA § 406(a)), then the *Company* shall have the option to waive this condition. Such option is to be exercised in writing within the earlier of (i) ten (10) days of the *Defendants'* receipt of the *Independent Fiduciary's* written determination, or (ii) three (3) days prior to the date set for the

Fairness Hearing. If the Company elects not to waive this condition, then the *Settlement Agreement* shall terminate and become null and void and the provisions of Section 9.2 shall apply.

2.6 Intervention by the Department of Labor. If the Secretary of the United States Department of Labor disapproves of or opposes the *Parties'* settlement of this matter, moves to intervene in the *Action* to oppose the *Parties'* settlement of the matter, or files her own lawsuit against any of the *Defendants* asserting similar allegations and claims as those asserted by the *Plaintiffs* in the *Action* prior to entry of the order of *Final Judgment* in this case, the *Company* shall have the right to terminate this *Settlement Agreement* at its sole discretion.

3. Releases and Covenant Not to Sue.

3.1 Releases of the Released Parties. Subject to Section 9 herein, effective upon the entry of the *Judgment* by the *Court, Named Plaintiffs* on behalf of themselves and on behalf of the *Settlement Class* and the *Plan* absolutely and unconditionally release and forever discharge the *Released Parties* from *Released Claims* that *Plaintiffs, the Settlement Class or Named Plaintiffs* on behalf of the *Plan* directly, indirectly, derivatively, or in any other capacity ever had, now have or hereafter may have, except that the release under this Section 3.1 shall not include claims relating to the covenants or obligations set forth in this *Settlement Agreement*. Also effective upon entry of the *Judgment* by the *Court, Named Plaintiffs* and all other members of the *Settlement Class* and the *Named Plaintiffs* on behalf of the *Plan* shall be permanently and finally enjoined, without the necessity of *Defendants* posting a bond, from commencing or prosecuting any actions or other proceedings asserting any of the *Released Claims* either directly, indirectly, derivatively, or in any other capacity, against any of the *Released Parties*.

3.2 Released Claims. Subject to Section 3.4 below, the *Released Claims* shall be: any and all claims of any nature whatsoever (including claims for any and all losses, damages, unjust enrichment, attorneys' fees, disgorgement of fees, litigation costs, injunction, declaration, contribution, indemnification or any other type or nature of legal or equitable relief), whether accrued or not, whether known, unknown, or unsuspected, in law or equity, as well as any claim or right obtained by assignment, brought by way of demand, complaint, cross-claim, counterclaim, third-party claim or otherwise (collectively, "*Claims*"), arising out of or in any way related to, directly or indirectly, any or all of the acts, omissions, facts, matters, transactions or occurrences, (i) during the *Class Period* that are, were or could have been alleged, asserted, or set forth in the *Complaint* or (ii) that would be barred by principles of *res judicata* had the claims asserted in the *Complaint* been fully litigated. With respect to the *Released Claims*, it is the intention of the *Parties* and of the *Named Plaintiffs* and all other members of the *Settlement Class* and the *Named Plaintiffs* on behalf of the *Plan* expressly to waive to the fullest extent of the law: (a) the provisions, rights and benefits of Section 1542 of the California Civil Code, which provides that "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor"; and (b) the provisions, rights and benefits of any similar statute or common law of any other jurisdiction that may be, or may be asserted to be, applicable.

3.3. Claims Not Released. Nothing in this *Settlement Agreement* shall release, bar, waive, or otherwise affect any *Claim* that has been asserted under state or federal securities laws in the *Securities Action* and/or the *Derivative Action* by the *Plan* and/or any member of the *Settlement Class*.

3.4. Releases by the Defendants. Subject to Section 9 herein, effective upon the entry of the *Judgment* by the *Court*, the *Defendants* shall absolutely and unconditionally release and forever discharge the *Named Plaintiffs*, *Plaintiffs* and *Appointed Counsel* from any claim which arises out of or relates in any way the institution, prosecution or settlement of the *Action* (except for claims to enforce the *Settlement*).

4. Covenants.

The *Parties* covenant and agree as follows:

4.1 Taxation of Class Settlement Amount. *Plaintiffs* acknowledge that the *Released Parties* have no responsibility for any taxes due on funds deposited in or distributed from the *Settlement Fund* or that the *Plaintiffs* or *Appointed Counsel* receive from the *Class Settlement Amount*. *Plaintiffs* further acknowledge that any such tax payments, and any professional, administrative or other expenses associated with such tax payments, shall be paid out of the *Settlement Fund*, as set forth more fully in Section 7.1.2 below. Nothing herein shall constitute an admission or representation that any such taxes will or will not be due.

4.2 Cooperation. The *Company* shall cooperate with *Lead Counsel* by providing, in electronic format, the names and addresses of *Persons* to whom the *Class Notice* is to be sent pursuant to the *Preliminary Approval Order*. *Plaintiffs* will use any information provided by the *Company* pursuant to the preceding sentence solely for the purpose of providing notice and for no other purpose. The *Parties* shall reasonably cooperate with each other to effectuate this *Settlement*, and shall not do anything or take any position inconsistent with obtaining a prompt *Judgment* approving the *Settlement* unless expressly permitted by this *Settlement Agreement*. The *Parties* shall suspend any and all efforts to prosecute and to defend the *Action* pending entry of the *Judgment* or, if earlier, termination of the *Settlement Agreement*.

4.3 Covenant Not to Sue. Subject to Section 9 herein, *Plaintiffs* covenant and agree on their own behalf, and on behalf of the *Settlement Class* and the *Plan*: (i) not to file against any *Released Party* any *Claim* based on, related to, or arising from any *Released Claim*; and (ii) that the foregoing covenants and agreements shall be a complete defense to any such *Claims* against any of the respective *Released Parties*.

5. Representations and Warranties.

5.1 Parties' Representations and Warranties. The *Parties*, and each of them, represent and warrant as follows, and each *Party* acknowledges that each other *Party* is relying on these representations and warranties in entering into this *Settlement Agreement*:

5.1.1 That they have conducted voluminous discovery and have diligently prepared for trial pursuant to the *Court's* orders; that they are voluntarily entering into this *Settlement Agreement* as a result of arm's-length negotiations among their counsel, with the

assistance and recommendation of an experienced mediator; that in executing this *Settlement Agreement* they are relying solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, concerning the nature, extent and duration of their rights and claims hereunder and regarding all matters which relate in any way to the subject matter hereof; and that, except as provided herein, they have not been influenced to any extent whatsoever in executing this *Settlement Agreement* by any representations, statements, or omissions pertaining to any of the foregoing matters by any *Party* or by any *Person* representing any *Party* to this *Settlement Agreement*. Each *Party* assumes the risk of mistake as to facts or law.

5.1.2 That they have carefully read the contents of this *Settlement Agreement*, and this *Settlement Agreement* is signed freely by each *Person* executing this *Settlement Agreement* on behalf of each of the *Parties*. The *Parties*, and each of them, further represent and warrant to each other that he, she, or it has made such investigation of the facts pertaining to the *Settlement*, this *Settlement Agreement*, and all of the matters pertaining thereto, as he, she, or it deems necessary.

5.1.3 By agreeing to conditional class certification for purposes of this Settlement only, that *Defendants* do not concede the appropriateness of certifying this Action as a class action as defined in the Federal Rules of Civil Procedure if that question were fully litigated before the *Court*; that in entering into this *Settlement Agreement*, the *Plaintiffs* have not relied on any representations or arguments by the *Defendants* that a class can, could, or should be certified for any purpose; that the *Plaintiffs* would not be prejudiced if (i) this *Settlement* were not approved or such approval were reversed on appeal and (ii) the *Defendants* were later to object to the certification of any proposed class in this action; and that in the event that this *Settlement* does not become *Final*, the *Plaintiffs* will not assert that the *Defendants* are equitably or judicially estopped from contesting the certification of any class in this *Action*.

5.2 Signatories' Representations and Warranties. Each *Person* executing this *Settlement Agreement* on behalf of any other *Person* does hereby personally represent and warrant to the other *Parties* that he or she has the authority to execute this *Settlement Agreement* on behalf of, and fully bind, each principal whom such individual represents or purports to represent.

6. No Admission of Liability.

The *Parties* understand and agree that this *Settlement Agreement* embodies a compromise settlement of disputed claims, and that nothing in this *Settlement Agreement*, including the furnishing of consideration for this *Settlement Agreement*, shall be deemed to constitute any finding of fiduciary status under *ERISA* or wrongdoing by any of the *Defendants*, or give rise to any inference of fiduciary status under *ERISA* or wrongdoing or admission of wrongdoing or liability in this or any other proceeding. This *Settlement Agreement* and the payments made hereunder are made in compromise of disputed claims and are not admissions of any liability of any kind, whether legal or factual. The *Defendants* specifically deny any such liability or wrongdoing and state that they are entering into this *Settlement Agreement* to eliminate the burden and expense of further litigation. Further, the *Named Plaintiffs*, while believing that all Claims brought in the *Action* have merit, have concluded that the terms of this *Settlement*

Agreement are fair, reasonable and more than adequate to the *Plan*, themselves and members of the *Settlement Class* given, among other things, the inherent risks, difficulties and delays in complex *ERISA* litigation such as this. Neither the fact nor the terms of this *Settlement Agreement* shall be used or offered or received in evidence in any action or proceeding for any purpose, except in an action or proceeding to enforce this *Settlement Agreement* or arising out of or relating to the *Judgment*.

7. The *Settlement Fund*, Deliveries into the *Settlement Fund*.

7.1 The *Settlement Fund*.

7.1.1 Within five (5) days after the *Agreement Execution Date*, *Lead Counsel* shall establish at a federally-insured financial institution (the "*Financial Institution*") identified to and agreed on by counsel for the *Defendants*, a settlement fund account (the "*Settlement Fund*") which shall be considered a common fund created as a result of the *Action*. Counsel for *Plaintiffs* shall designate at least one person with signature authority over this account (the "*Signer*"), and shall direct the *Financial Institution* to make distributions from the *Settlement Fund* only in accordance with this *Settlement Agreement* upon written direction from the *Signer*. For the avoidance of doubt, the *Financial Institution* shall be instructed that, absent a *Court* order, no funds are to be paid or withdrawn from the *Settlement Fund* except pursuant to Section 8 of this *Settlement Agreement* (and the Sections of this *Settlement Agreement* explicitly cross-referenced therein) or, upon termination of this *Settlement Agreement*, pursuant to Section 9 of this *Settlement Agreement*. *Lead Counsel* shall promptly notify the other *Parties* of the date of the establishment of the *Settlement Fund*, shall confirm the identity of the *Financial Institution*, and shall confirm that withdrawals and distributions from the *Settlement Fund* are subject to the restrictions set forth in the preceding sentence. Counsel for *Plaintiffs* and *Defendants* shall agree on the form and terms of an escrow agreement consistent with this *Settlement Agreement*.

7.1.2 The *Settlement Fund* shall bear interest and shall be invested only in United States Treasury securities and/or securities of United States agencies backed by the full faith and credit of the United States Treasury, repurchase agreements collateralized by such securities, and mutual funds or money market accounts that invest exclusively in the foregoing securities. The *Settlement Fund* shall be structured and managed to qualify as a Qualified Settlement Fund under Section 468B of the Internal Revenue Code and Treasury regulations promulgated thereunder and shall make tax filings and provide reports to *Lead Counsel* for tax purposes. The *Parties* shall not take a position in any filing or before any tax authority inconsistent with such treatment. The *Settlement Fund* will pay any federal, state, and local taxes that may apply to the income of the *Settlement Fund*. The *Financial Institution* shall arrange for the preparation and filing of all tax reports and tax returns required to be filed by the *Settlement Fund* and for the payment from the *Settlement Fund* of any taxes owed, and will send *Lead Counsel* copies of all such filings and receipts of payment in a timely manner. The *Financial Institution* shall be authorized to retain a certified public accounting firm for those purposes. All taxes on the income of the *Settlement Fund* and tax-related expenses incurred in connection with the taxation of the *Settlement Fund* shall be paid solely out of the *Settlement Fund*, shall be considered a cost of administration of the *Settlement*, and shall be timely paid without further order of the *Court*. The *Financial Institution* shall arrange for the preparation and issuance of any required Forms 1099 to *Persons* receiving payments from the *Settlement Fund*, and costs

incurred in connection therewith also shall be paid solely out of the *Settlement Fund*, shall be considered a cost of administration of the *Settlement*, and shall be timely paid by the *Settlement Fund* without further order of the *Court*. All fees and expenses of the *Financial Institution*, and of professional advisors engaged by the *Financial Institution* in connection with the *Settlement Fund*, shall be funded solely from the *Settlement Fund*, and *Plaintiffs* expressly acknowledge that *Defendants* have no responsibility for any such fees or expenses. *Defendants* will take no position, directly or indirectly, with respect to such matters (except that *Defendants* are entitled to seek enforcement of the provisions of this *Settlement Agreement* stating that *Defendants* are not obligated to pay any of the fees or expenses incurred in the administration of the *Settlement* or any taxes that may be due on monies in or distributed from the *Settlement Fund*).

7.2 The Class Settlement Amount. In consideration of all of the promises and agreements set forth in this *Settlement Agreement*, UnitedHealth Group Incorporated will cause to be deposited into the *Settlement Fund* within ten (10) business days after the entry of the *Preliminary Approval Order*, two hundred thousand dollars in United States currency (\$200,000.00). UnitedHealth Group Incorporated will cause to be deposited into the *Settlement Fund* no later than ten (10) calendar dates before the first date set by the *Court* for the *Fairness Hearing* sixteen million eight hundred thousand dollars in United States currency (\$16,800,000.00); *provided, however*, that if the court gives less than 20 days' advance notice of the date of the fairness hearing, payment shall be due 20 days after such notice is received by UnitedHealth Group Incorporated. The total of both payments, amounting to seventeen million dollars (\$17,000,000.00), shall be the "*Class Settlement Amount*". In no event shall the *Settlement Fund* be required to exceed this amount, and in no event shall UnitedHealth Group Incorporated be required to make payments or incur any expenses in excess of this amount. In no event shall any *Defendant* other than UnitedHealth Group Incorporated be required to make payments or incur any expenses under this *Settlement Agreement*.

7.3 All funds held in the *Settlement Fund* shall be deemed to be in the custody of the *Court* and shall remain subject to the jurisdiction of the *Court* until such time as the funds are distributed or are returned to the persons paying the same pursuant to the *Final Judgment* and *Settlement Agreement*.

8. Payments From The Settlement Fund.

8.1 Expenses of Class Notice. After the entry of the *Preliminary Approval Order*, *Lead Counsel* shall direct the *Financial Institution* in writing to disburse from the *Settlement Fund* an amount for the payment of reasonable costs of the *Class Notice*. If the *Settlement Agreement* is terminated for any reason, *Lead Counsel* shall have no obligation to reimburse to the *Settlement Fund* the costs of the *Class Notice*, or other costs or expenses of the *Settlement Fund* charged to the *Settlement Fund* under this *Settlement Agreement*.

8.2 Disbursements from Settlement Fund. *Lead Counsel* shall direct the *Financial Institution* to disburse money from the *Class Settlement Fund* as follows:

8.2.1 For Attorneys' Fees and Expenses. As provided in Section 10.2 herein.

8.2.2 For Named Plaintiff compensation. As provided in Section 10.2 herein.

8.2.3 For taxes and expenses of the *Settlement Fund*. As provided in Section 7.1.2 herein.

8.2.4 For fees and expenses of the *Independent Fiduciary*. *Lead Counsel* shall direct the *Financial Institution* to disburse money from the *Class Settlement Fund* to pay the reasonable fees and expenses of the *Independent Fiduciary* (which shall include any attorneys' fees of the *Independent Fiduciary*) retained pursuant to Section 2.5 in an amount not to exceed two hundred twenty-five thousand dollars in United States currency (\$225,000.00).

8.2.5 For the *Plan of Allocation*. The *Plan of Allocation* attached as **Exhibit C** hereto provides for the allocation of the *Settlement Fund* net of the disbursements called for in Sections 8.2.1, 8.2.2, 8.2.3 and 8.2.4 ("*Net Proceeds*"). Upon the *Judgment* becoming *Final* as provided in Section 2.3, and after the amounts payable pursuant to Sections 8.2.1, 8.2.2, 8.2.3 and 8.2.4 have been determined and disbursed, *Lead Counsel* shall direct the *Financial Institution* to disburse the *Net Proceeds* to the trust or trusts created under the UnitedHealth Group 401(k) Savings Plan for distribution to or for the benefit of members of the *Settlement Class*. The apportionment of the *Net Proceeds* to the *Plan's* trust or trusts shall be determined pursuant to the *Plan of Allocation*. The *Parties* agree that the deposit of the *Net Proceeds* into the trusts created under the *Plan* shall constitute "restorative payments" within the meaning of Revenue Ruling 2002-45 for all purposes. UnitedHealth Group Incorporated shall direct the *Plan* Trustee, or any other entity with appropriate authority under the *Plan* (an "Authorized Administrator"), to allocate and to distribute the *Net Proceeds* received by the *Plan* trust or trusts according to the *Plan of Allocation* and shall notify *Lead Counsel* as to the date(s) and amount(s) of said distribution(s), but *Defendants* shall have no liability in the event of any failure by *Plan* Trustee, or any Authorized Administrator, to follow such directions provided that, in the event of any failure by *Plan* Trustee, or any Authorized Administrator, to follow directions from UnitedHealth Group Incorporated given pursuant to this Section 8.2.5, UnitedHealth Group Incorporated shall assist *Plaintiffs* in seeking to enforce such directions. All fees and expenses of *Plan* Trustee, or any Authorized Administrator, reasonably incurred in connection with respect to implementation of the *Plan of Allocation* shall be *Plan* expenses paid solely out of the *Net Proceeds* and shall be timely paid by the *Plan* without further order of the *Court*. *Defendants* warrant that they either have or will obtain the authority to direct that the *Net Proceeds* received by each *Plan* trust be distributed according to the *Plan of Allocation*.

9. Termination of the *Settlement Agreement*.

9.1 Termination. This *Settlement Agreement* may terminate if (a) the *Court* declines to enter the *Judgment*, (b) the *Judgment* entered by the *Court* is reversed or modified in any material respect on appeal, or (c) the *Independent Fiduciary* does not approve the *Settlement* as set forth in Section 2.5 or determines that it constitutes a non-exempt prohibited transaction under *ERISA* § 406(a), and such condition is not waived in writing by *Defendants*, but this *Settlement Agreement* shall not terminate if a court of competent jurisdiction modifies, reverses, or refuses to enter any order relating to the award of legal fees and expenses. If within thirty-one (31) days after the date when any reversal or modification which would cause this *Settlement Agreement* to terminate becomes *Final* the *Parties* have not agreed in writing to proceed with all or part of the *Settlement Agreement* in light of such ruling, then this *Settlement Agreement* shall automatically terminate and thereupon become null and void. Nothing in this Section 9.1 shall

be construed as setting forth the only situations pursuant to which this *Settlement Agreement* may terminate.

9.2 Consequences of Termination of the *Settlement Agreement*. If the *Settlement Agreement* is terminated, the following shall occur:

9.2.1 *Lead Counsel* and *Defendants' Counsel* shall within ten (10) days after the date of termination of the *Settlement Agreement* jointly notify the *Financial Institution* in writing to return to the *Defendants* the amount contributed by them to the *Settlement Fund*, with all net income earned thereon, after deduction of the amount earlier disbursed for the *Class Notice* and fees and expenses to the *Independent Fiduciary* and the expenses charged by the *Financial Institution*, directing the *Financial Institution* to effect such return within fourteen (14) days after such notification. Prior to the return of amounts contemplated by this Section 9.2.1, the *Financial Institution* shall fully and finally fulfill all tax obligations of the *Settlement Fund* as set forth in Section 7.1.2 and the *Defendants* shall have no past, present, or future liability whatsoever for any such tax obligations.

9.2.2 The *Action* shall for all purposes with respect to the *Parties* revert to its status as of May 23, 2008. Any and all statutes of limitations, statutes of repose and/or other defenses based upon the passage of time applicable to the *Claims* asserted in this *Action* shall be tolled from May 23, 2008 to the termination of this *Settlement Agreement*.

9.2.3 All provisions of this *Settlement Agreement* shall be null and void except as otherwise provided herein.

10. Attorneys' Fees and Expenses.

10.1 Application for Attorneys' Fees and Expenses. As provided in Section 2.2, and pursuant to the common fund doctrine and/or any applicable statutory fee provision, *Lead Counsel* may apply to the *Court* for an award to *Lead Counsel* and *Appointed Counsel*, of attorneys' fees, and for reimbursement of expenses, to be paid solely from the *Settlement Fund*. *Lead Counsel* also may apply to the *Court* for compensation to *Named Plaintiffs*, payable solely from the *Settlement Fund*, and *Named Plaintiffs* shall be entitled to receive such compensation from the *Settlement Fund* to the extent awarded by the *Court*. *Defendants* agree to take no position with respect to any such application.

10.2 Disbursement of Attorneys' Fees and Expenses and *Named Plaintiff Compensation*. Following (a) the entry of an order allowing payment of attorneys' fees and expenses and *Named Plaintiff Compensation*, and (b) the entry of a *Final Judgment*, the *Signers* shall instruct the *Financial Institution* in writing to disburse the payments set forth in clause (a) from the *Settlement Fund*, which the *Financial Institution* shall do within five (5) business days of receiving such direction.

10.3 *Lead Counsel* may make a supplemental application to the *Court* for an award of expenses with respect to post-settlement proceedings and administration, and any such award shall only be payable from the *Settlement Fund* and not by any *Defendant*.

10.4 *Lead Counsel* will also apply to the *Court* for an award of *Named Plaintiff* compensation, payable to the *Named Plaintiffs* from the *Settlement Fund*, as awarded by the *Court*.

11. Miscellaneous Provisions.

11.1 Governing Law. This *Settlement Agreement* shall be governed by the laws of the State of Minnesota without giving effect to the conflict of laws or choice of law provisions thereof, except to the extent that the law of the United States governs any matter set forth herein, in which case such federal law shall govern.

11.2 Amendment. Before entry of the *Judgment*, the *Settlement Agreement* may be modified or amended only by written agreement signed by or on behalf of all *Parties*. Following entry of the *Judgment*, the *Settlement Agreement* may be modified or amended only by written agreement signed by or on behalf of all *Parties* and approved by the *Court*.

11.3 Waiver. The provisions of this *Settlement Agreement* may be waived only by an instrument in writing executed by the waiving party. The waiver by any party of any breach of this *Settlement Agreement* shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, of this *Settlement Agreement*.

11.4 Construction. None of the *Parties* hereto shall be considered to be the drafter of this *Settlement Agreement* or any provision hereof for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter hereof.

11.5 Principles of Interpretation. The following principles of interpretation apply to this *Settlement Agreement*:

11.5.1 Headings. The headings of this *Settlement Agreement* are for reference purposes only and do not affect in any way the meaning or interpretation of this *Settlement Agreement*.

11.5.2 Singular and Plural. Definitions apply to the singular and plural forms of each term defined.

11.5.3 Gender. Definitions apply to the masculine, feminine, and neuter genders of each term defined.

11.5.4 References to a Person. References to a *Person* are also to the *Person's* permitted successors and assigns.

11.5.5 Terms of Inclusion. Whenever the words "include," "includes," or "including" are used in this *Settlement Agreement*, they shall not be limiting but rather shall be deemed to be followed by the words "without limitation."

11.6 Further Assurances. Each of the *Parties* agrees, without further consideration, and as part of finalizing the *Settlement* hereunder, that they will in good faith execute and deliver

such other documents and take such other actions as may be necessary to consummate and effectuate the subject matter and purpose of this *Settlement Agreement*.

11.7 Survival. All representations, warranties and covenants set forth in this *Settlement Agreement* shall be deemed continuing and shall survive the termination or expiration of this *Settlement Agreement*.

11.8 Notices. Any notice, demand, or other communication under this *Settlement Agreement* (other than the *Class Notice*, or other notice given at the direction of the *Court*) shall be in writing and shall be deemed duly given upon receipt if it is addressed to each of the intended recipients as set forth below and personally delivered, sent by registered or certified mail (postage prepaid), sent by confirmed facsimile, or delivered by reputable express overnight courier:

IF TO NAMED PLAINTIFFS:

Edwin J. Mills
STULL, STULL & BRODY
6 East 45th Street
New York, NY 10017
Phone: (212) 687-7230
Fax: (212) 490-2022

IF TO DEFENDANTS:

Thomas F. Fitzgerald
Thomas S. Gigot
Mark C. Nielsen
GROOM LAW GROUP, CHARTERED
1701 Pennsylvania Avenue, NW
Washington, DC 20006
Phone: (202) 857-0620
Fax: (202) 659-4503

Peter W. Carter
Thomas Swigert
DORSEY & WHITNEY LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402
Phone: (612) 340-2600
Fax: (612) 340-2861

Nathan H. Seltzer
LATHAM & WATKINS LLP
555 11th Street, N.W.
Washington, DC 20004

Phone: (202) 637-2200

Fax: (202) 637-2201

Steve W. Gaskins
FLYNN GASKINS & BENNETT, LLP
333 South 7th Street, Suite 2900
Minneapolis, MN 55402

Phone: (612) 333-9500

Fax: (612) 333-9579

Any *Party* may change the address at which it is to receive notice by written notice delivered to the other *Parties* in the manner described above.

11.9 Entire Agreement. This *Settlement Agreement* contains the entire agreement among the *Parties* relating to this *Settlement*. It specifically supersedes any settlement terms or settlement agreements relating to the *Defendants* that were previously agreed upon orally or in writing by any of the *Parties*.

11.10 Counterparts. This *Settlement Agreement* may be executed by exchange of faxed executed signature pages, and any signature transmitted by facsimile for the purpose of executing this *Settlement Agreement* shall be deemed an original signature for purposes of this *Settlement Agreement*. This *Settlement Agreement* may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

11.11 Binding Effect. This *Settlement Agreement* binds and inures to the benefit of the *Parties* hereto, their assigns, heirs, administrators, executors, and successors.

11.12 Agreement Execution Date. The date on which the final signature is affixed below shall be the *Agreement Execution Date*.

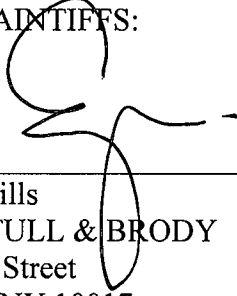
11.13 Communications Regarding Settlement and this Action. The *Company* may disclose the existence and terms of this *Settlement* at any time after execution, including through the issuance of its own press release. The *Company* and *Lead Counsel* have agreed upon the terms ("Agreed Description") for a press release and website communications to be used by *Lead Counsel* and *Plaintiffs* for any public disclosures that *Lead Counsel* or *Plaintiffs* may wish to make concerning the Settlement. The *Parties* understand and agree that *the Named Plaintiffs* and *Lead Counsel* may provide such additional communications to Class members as may be necessary to advise them regarding the terms and legal effects of the *Settlement*. Aside from such communications, any communications necessary to effectuate notice to the *Settlement Class* concerning the *Settlement*, the Agreed Description, and *Lead Counsel's* general description of the *Settlement*, the *Named Plaintiffs* and *Lead Counsel* shall make no other public statements concerning the *Settlement*.

11.14 Return of Discovery Documents. Within 60 days after the *Judgment* becomes *Final*, *Plaintiffs* shall fully comply with paragraph 6 of the Stipulated Confidentiality Agreement.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement on the dates set forth below.

Dated: 11-6-08

FOR THE PLAINTIFFS:

By: 
Edwin J. Mills
STULL, STULL & BRODY
6 East 45th Street
New York, NY 10017
Phone: (212) 687-7230
Fax: (212) 490-2022

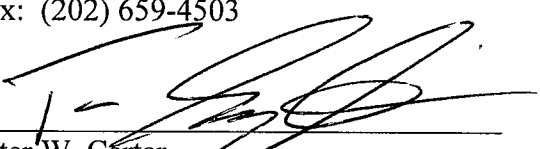
Lead Counsel for Plaintiffs

FOR DEFENDANTS UNITEDHEALTH GROUP INCORPORATED, L. ROBERT DAPPER, JAMES O. JOHNSON, WILLIAM G. SPEARS, MARY O. MUNDINGER AND STEPHEN J. HEMSLEY:

Dated: _____

By: _____
Thomas F. Fitzgerald
Thomas S. Gigot
Mark C. Nielsen
GROOM LAW GROUP, CHARTERED
1701 Pennsylvania Avenue, NW
Washington, DC 20006
Phone: (202) 857-0620
Fax: (202) 659-4503

Dated: NOVEMBER 7, 2008

By: 
Peter W. Carter
Thomas Swiger
DORSEY & WHITNEY LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402
Phone: (612) 340-2600
Fax: (612) 340-2861

*Attorneys for Defendants UnitedHealth
Group Incorporated, L. Robert Dapper,
James A. Johnson, William G. Spears,
Mary O. Munding and Stephen J.
Hemsley*

FOR DEFENDANT WILLIAM W.
McGUIRE

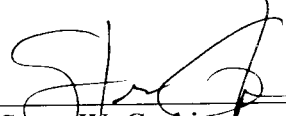
Dated: _____

By: _____

Nathan H. Seltzer
LATHAM & WATKINS LLP
555 11th Street, N.W.
Washington, DC 20004
Phone: (202) 637-2200
Fax: (202) 637-2201

Dated: 11/7/08

By: _____


Steve W. Gaskins
FLYNN GASKINS & BENNETT, LLP
333 South 7th Street, Suite 2900
Minneapolis, MN 55402
Phone: (612) 333-9500
Fax: (612) 333-9579

*Attorneys for Defendant William W.
McGuire*

EXHIBITS TO THE SETTLEMENT AGREEMENT

Exhibits

- A Preliminary Approval Order, with form of Class Notice attached as Exhibit 1
- B Judgment
- C Plan of Allocation

Exhibit A To Class Action Settlement Agreement

The *Court* has preliminarily considered the *Settlement* to determine, among other things, whether to certify a class for settlement purposes only and whether the *Settlement* is sufficient to warrant the issuance of notice to members of the *Settlement Class*. Upon reviewing the *Settlement Agreement* and motion papers relating to the request for preliminary approval of the *Settlement* [and the matter having come before the *Court* at the _____, 2008 hearing], it is hereby ORDERED, ADJUDGED AND DECREED as follows:

1. Class Findings: Solely for the purposes of the *Settlement*, the *Court* preliminarily finds that the requirements of the Federal Rules of Civil Procedure, the United States Constitution, the Rules of the *Court* and any other applicable law have been met as to the "*Settlement Class*" defined below, in that:

A. All findings in this Section 1 are based on the submissions to the *Court*, including the *Settlement Agreement*. These findings are not based upon any admissions, representations, assertions, or arguments by the *Defendants* that a class can, should, or would be certified in the *Action*, and these findings are made while preserving fully the *Defendants'* rights to argue, in the event that the *Settlement* does not become *Final* or is terminated pursuant to the *Settlement Agreement*, that no class can or should be certified in the *Action*.

B. The *Court* preliminarily finds that, as required by Rule 23(a)(1), the *Settlement Class* is ascertainable from records kept with respect to the *Plan* and from other objective criteria, and the members of the *Settlement Class* are so numerous that their joinder before the *Court* would be impracticable.

C. The *Court* preliminarily finds that, as required by Rule 23(a)(2), there are one or more questions of fact and/or law common to the *Settlement Class*.

D. The *Court* preliminarily finds that, as required by Rule 23(a)(3), the claims of the *Named Plaintiffs* are typical of the claims of the *Settlement Class*.

E. The *Court* preliminarily finds, as required by Rule 23(a)(4), that the *Named Plaintiffs* will fairly and adequately protect the interests of the *Settlement Class* in that (i) the interests of *Named Plaintiffs* and the nature of their alleged claims are consistent with those of the members of the *Settlement Class*, (ii) there appear to be no conflicts between or among the *Named Plaintiffs* and the *Settlement Class*, and (iii) the *Named Plaintiffs* and the members of the *Settlement Class* are represented by qualified, reputable counsel who are experienced in preparing and prosecuting large, complicated *ERISA* class actions.

F. The *Court* preliminarily finds that, as required by Rule 23(b)(1), the prosecution of separate actions by individual members of the *Settlement Class* would create a risk of (i) inconsistent or varying adjudications as to individual class members, that would establish incompatible standards of conduct for the parties opposing the claims asserted in the *ERISA Action* or (ii) adjudications as to individual class members that would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications, or substantially impair or impede those persons' ability to protect their interests.

G. The *Court* preliminarily finds that, as required by Rule 23(b)(2), the *Defendants* have acted or did not act on grounds generally applicable to the *Settlement*

Class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the *Settlement Class* as a whole.

H. The *Court* preliminarily finds that, as required by Rule 23(g), *Lead Counsel* is capable of fairly and adequately representing the interests of the *Settlement Class*, in that *Lead Counsel* has done extensive work identifying or investigating potential claims in the action, and have litigated the validity of those claims at the motion to dismiss stage of this case; *Lead Counsel* is experienced in handling class actions and claims of the type asserted in the *Action*; *Lead Counsel* is knowledgeable of the applicable law; and *Lead Counsel* has committed the necessary resources to represent the *Settlement Class*.

2. Class Certification – Based solely on the findings set forth in Section 1 above, and not on any admissions, representations, assertions, or arguments by the *Defendants*, the *Court* preliminarily certifies the following class for settlement purposes under Fed. R. Civ. P. 23(b)(1) and 23(b)(2) in this litigation (the *Settlement Class*):

All current and former participants in the UnitedHealth Group 401(k) Savings Plan or the PacifiCare Health Systems, Inc. Savings and Profit Sharing Plan whose individual accounts in such Plan held units of the UnitedHealth Group Stock Fund at any time during the period December 21, 2005 through and including May 24, 2006, and the beneficiaries of such participants.

3. Appointment Of Class Representatives And Class Counsel. The *Court* appoints the *Named Plaintiffs* as the class representatives for the *Settlement Class*, and Stull, Stull & Brody ("*Lead Counsel*") as class counsel for the *Settlement Class* pursuant to Fed. R. Civ. P. 23(e) and (g).

4. Preliminary Findings Regarding Proposed Settlement – The *Court* preliminarily finds that (i) the proposed *Settlement* resulted from extensive arm's-length negotiations, (ii) the *Settlement Agreement* was executed only after *Lead Counsel* had conducted extensive pre-settlement motion practice and discovery, (iii) counsel for *Named Plaintiffs* has concluded that the *Settlement Agreement* is fair, reasonable and adequate, and (iv) the *Settlement* evidenced by the *Settlement Agreement* is sufficiently fair, reasonable, and adequate to warrant sending notice of the *Settlement* to the *Settlement Class*.

5. Fairness Hearing – A hearing is scheduled for _____, 2008 (the "*Fairness Hearing*") to determine, among other things:

- Whether the *Settlement* should be approved as fair, reasonable and adequate;
- Whether the litigation should be dismissed with prejudice as to the *Defendants* pursuant to the terms of the *Settlement*;
- Whether the notice, summary notice and notice methodology implemented pursuant to the *Settlement Agreement* (i) constituted the best practicable notice, (ii) constituted notice that was reasonably calculated, under the circumstances, to apprise members of the *Settlement Class* of the pendency of the litigation, their right to object to the *Settlement*, and their right to appear at the *Fairness Hearing*, (iii) were reasonable and constituted due, adequate, and sufficient notice to all persons entitled to notice and (iv) met all applicable requirements of the Federal Rules of Civil Procedure, and any other applicable law;
- Whether *Lead Counsel* adequately represented the *Settlement Class* for purposes of entering into and implementing the *Settlement Agreement*;
- Whether the *Plan of Allocation* should be approved;

– Whether the motion for attorneys' fees and expenses filed by *Lead Counsel* should be approved; and

– Whether the motion for compensation for *Named Plaintiffs* should be approved.

6. Class Notice – The *Parties* have presented to the *Court* a proposed form of *Class Notice*, which is appended hereto as Exhibit 1. With respect to such form of *Class Notice*, the *Court* finds that such form fairly and adequately (a) describes the terms and effect of the *Settlement Agreement* and of the *Settlement*, (b) notifies the *Settlement Class* concerning the proposed *Plan of Allocation*, (c) notifies the *Settlement Class* that *Lead Counsel* will seek compensation from the *Settlement Fund* for the *Named Plaintiffs*, and for attorneys' fees not to exceed 25% of the *Settlement Amount* and for reimbursement of expenses, (d) gives notice to the *Settlement Class* of the time and place of the *Fairness Hearing*, and (e) describes how the recipients of the *Class Notice* may object to any of the relief requested. The *Parties* have proposed the following manner of communicating the notice to members of the *Settlement Class*, and the *Court* finds that such proposed manner is the best notice practicable under the circumstances, and directs that *Lead Counsel* shall:

– By no later than 45 days before the *Fairness Hearing*, cause the *Class Notice*, with such non-substantive modifications thereto as may be agreed upon by the *Parties*, to be mailed, by first-class mail, postage prepaid, to the last known address of each *Person* within the *Settlement Class* who can be identified by reasonable effort. The *Company* shall cooperate with *Lead Counsel* by providing, in electronic format, the names and addresses of *Persons* to whom the *Class Notice* is to be sent. The names and addresses *Lead Counsel* obtain pursuant to

this order shall be used solely for the purpose of providing notice of this *Settlement* and for no other purpose.

- By no later than 45 days before the *Fairness Hearing*, cause the *Class Notice* to be published on each website identified in the *Class Notice*.
- At or before the *Fairness Hearing*, *Lead Counsel* shall file with the *Court* a proof of timely compliance with the foregoing requirements.

7. Objections to Settlement – Any member of the *Settlement Class* who wishes to object to the fairness, reasonableness or adequacy of the *Settlement*, to the *Plan of Allocation*, to any term of the *Settlement Agreement*, to the proposed award of attorneys' fees and expenses, or to any request for compensation for the *Named Plaintiffs* may file an Objection. Objections may be filed in paper form or via electronic mail as described herein. If an objector chooses to file an Objection in paper form the objector must file with the *Court* a statement of his, her, or its objection(s), specifying the reason(s), if any, for each such objection made, including any legal support and/or evidence that such objector wishes to bring to the *Court's* attention or introduce in support of such objection. The objector must also mail copies of the objection and all supporting law and/or evidence to *Lead Counsel* and to counsel for the *Defendants*. The addresses for filing objections with the Court and service on counsel are as follows:

Clerk of the Court
United States District Court
for the District of Minnesota
300 South Fourth Street
Minneapolis, MN 55415
Re: Case No. 06-CV-2237

To Lead Counsel:

Edwin J. Mills
STULL STULL & BRODY
6 East 45th Street
New York, New York 10017

To Defendants' Counsel:

Thomas F. Fitzgerald
Thomas S. Gigot
Mark C. Nielsen
GROOM LAW GROUP, CHARTERED
1701 Pennsylvania Avenue, NW
Washington, DC 20006

Peter W. Carter
Thomas Swigert
DORSEY & WHITNEY LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

Nathan H. Seltzer
LATHAM & WATKINS LLP
555 11th Street, N.W.
Washington, DC 20004

Steve W. Gaskins
FLYNN GASKINS & BENNETT, LLP
333 South 7th Street, Suite 2900
Minneapolis, MN 55402

Objections may also be filed via electronic mail to the following addresses:

Clerk of the Court
[to be provided]
Edwin J. Mills
emills@ssbny.com

Thomas S. Gigot
tsg@groom.com

Thomas Swigert
swigert.tom@dorsey.com

Nathan H. Seltzer
nathan.seltzer@lw.com

Steve W. Gaskins
sgaskins@flynnngaskins.com

The objector or his, her, or its counsel (if any) must effect service of copies of the objection on counsel listed above and file it with the *Court* by no later than seven (7) days before the date of the *Fairness Hearing*. If an objector hires an attorney to represent him, her, or it for the purposes of making such objection pursuant to this paragraph, the attorney must both effect service of a notice of appearance on counsel listed above and file it with the *Court* by no later than seven (7) days before the date of the *Fairness Hearing*. Any member of the *Settlement Class* or other *Person* who does not timely file and serve a written objection complying with the terms of this paragraph shall be deemed to have waived, and shall be foreclosed from raising, any objection to the *Settlement*, and any untimely objection shall be barred.

8. Appearance at Fairness Hearing – Any objector who files and serves a timely, written objection in accordance with paragraph 6 above may also appear at the *Fairness Hearing* either in person or through counsel retained at the objector's expense. Objectors or their attorneys intending to appear at the *Fairness Hearing* must effect service of a notice of intention to appear setting forth, among other things, the name, address, and telephone number of the objector (and, if applicable, the name, address, and telephone number of the objector's attorney) on *Lead Counsel* and *Defendants'* counsel (at the addresses set out above) and file it with the *Court* by no later than seven (7) days before the date of the *Fairness Hearing*. Any objector who does not timely file and serve a notice of intention to appear in accordance with this paragraph shall not be permitted to appear at the *Fairness Hearing*, except for good cause shown.

9. Notice Expenses – The expenses of printing and mailing all notices required

hereby shall be paid from the *Settlement Fund* as provided in Section 8.1 of the *Settlement Agreement*.

10. Service of Papers – *Defendants'* counsel and *Lead Counsel* shall promptly furnish each other with copies of any and all objections that come into their possession.

11. Termination of Settlement – This Order shall become null and void, and shall be without prejudice to the rights of the *Parties*, all of whom shall be restored to their respective positions existing immediately before this *Court* entered this Order, if the *Settlement* is terminated in accordance with the *Settlement Agreement*. In such event, Section 9 of the *Settlement Agreement* shall govern the rights of the *Parties*.

12. Use of Order – This Order shall not be construed or used as an admission, concession, or declaration by or against *Defendants* of any fault, wrongdoing, breach, or liability. This Order shall not be construed or used as an admission, concession, or declaration by or against *Named Plaintiffs* or the *Settlement Class* that their claims lack merit or that the relief requested in the *Action* is inappropriate, improper or unavailable, or as a waiver by any party of any arguments, defenses, or claims he, she, or it may have, including, but not limited to, any objections by *Defendants* to class certification in the event that the *Settlement Agreement* is terminated.

13. Jurisdiction – The *Court* hereby retains jurisdiction for purposes of implementing the *Settlement Agreement*, and reserves the power to enter additional orders to effectuate the fair and orderly administration and consummation of the *Settlement Agreement* as may from time to time be appropriate and to resolve any and all disputes arising thereunder.

14. Continuance of Hearing – The *Court* reserves the right to continue the *Fairness Hearing* without further written notice.

SO ORDERED this _____ day of _____, 2008.

HON. JAMES M. ROSENBAUM
United States District Judge

**EXHIBIT 1 TO THE PRELIMINARY
APPROVAL ORDER**

at ____m. in Courtroom _____ of the United States District Court for the District of Minnesota, 202 U.S. Courthouse, 300 South Fourth Street, Minneapolis, MN 55415.

- Any objections to the *Settlement* or the motion for attorneys’ fees and expenses and compensation to the *Named Plaintiffs* must be served in writing on *Lead Counsel* for the *Settlement Class* identified on page ____ of this Notice, and on *Defendants’* attorneys, who are identified on page ____ of this Notice. Objections may be filed in paper form or via electronic mail. The procedure for objecting is described below.
- This Notice contains summary information with respect to the *Settlement*. The terms and conditions of the *Settlement* are set forth in a Class Action Settlement Agreement (the “*Settlement Agreement*”). Capitalized and italicized terms used in this Notice but not defined in this Notice have the meanings assigned to them in the *Settlement Agreement*. The *Settlement Agreement*, and additional information with respect to this lawsuit and the *Settlement*, are available at [list websites], or from *Lead Counsel* listed below.

PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY. IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS TO WHOM THIS NOTICE IS ADDRESSED, THE SETTLEMENT WILL AFFECT YOUR RIGHTS. YOU ARE NOT BEING SUED IN THIS MATTER. YOU DO NOT HAVE TO APPEAR IN COURT, AND YOU DO NOT HAVE TO HIRE AN ATTORNEY IN THIS CASE. IF YOU ARE IN FAVOR OF THE SETTLEMENT, YOU NEED NOT DO ANYTHING. IF YOU DISAPPROVE, YOU MAY OBJECT TO THE SETTLEMENT PURSUANT TO THE PROCEDURES DESCRIBED BELOW.

YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT:	
<p>YOU CAN DO NOTHING.</p> <p>NO ACTION IS NECESSARY TO RECEIVE PAYMENT.</p>	<p>If the <i>Settlement</i> is approved by the <i>Court</i> and you are a member of the <i>Settlement Class</i>, you will not need to do anything to receive a payment. The portion, if any, of the <i>Settlement Fund</i> to be allocated to your <i>Plan</i> account will be calculated as part of the implementation of the <i>Settlement</i>.</p> <p>If you are currently participating in the <i>Plan</i> and are a member of the <i>Settlement Class</i>, any share of the <i>Settlement Fund</i> to which you are entitled will be deposited into your <i>Plan</i> account.</p> <p>If you no longer are a <i>Plan</i> participant and are a member of the <i>Settlement Class</i>, any share of the net <i>Settlement Fund</i> to which you are entitled will be deposited in a <i>Plan</i> account for your benefit.</p> <p>In accordance with <i>Plan</i> rules, you may take a distribution of your account if when you have retired or separated from employment with United</p>
<p>OBJECT</p> <p>(BY _____, 2008)</p>	<p>If you wish to object to any part of the <i>Settlement</i>, you may (as discussed below) write to the <i>Court</i> and counsel about why you object to the <i>Settlement</i>.</p>
<p>GO TO A HEARING</p>	<p>If you submit a written objection to the <i>Settlement</i> to the <i>Court</i> and counsel before the <i>Court</i>-approved deadline, you may (but do not have</p>

Questions? You may call 1-800_____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

(TO BE HELD ON _____, 2008)	to) attend the <i>Court</i> hearing about the <i>Settlement</i> and present your objections to the <i>Court</i> . You may attend the Hearing even if you do not file a written objection, but you will only be allowed to speak at the Hearing in you file written comments in advance of the Hearing.
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- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The *Court* in charge of this case still has to decide whether to approve the *Settlement*. Payments will be made only if the *Court* approves the *Settlement* and that approval is upheld in the event of any appeals.

Further information regarding the litigation and this *Notice* may be obtained by contacting *Plaintiffs’ Lead Counsel*:

Edwin J. Mills, Esq.
 Stull, Stull & Brody
 6 East 45th Street
 New York, NY 10017
 Tel: (212) 687-7230
 Tel: (800) 337-4983
 Fax: (212) 490-2022

Plaintiffs’ Lead Counsel has established a toll-free phone number to receive your comments and questions: _____.

Plaintiffs’ Lead Counsel may also be contacted via e-mail: SSBNY@aol.com.

WHAT THIS NOTICE CONTAINS

SUMMARY OF SETTLEMENT	5
BASIC INFORMATION	6
1. Why did I get this Notice package?	6
2. What is the lawsuit about?	6
3. Why Is This Case a Class Action?	8
4. Why is there a Settlement?.....	8
5. How do I know whether I am part of the Settlement?	8
6. Are there exceptions to being included in the <i>Settlement Class</i> ?	9
THE SETTLEMENT BENEFITS - WHAT YOU GET	9
7. What does the Settlement provide?.....	9
8. How much will my payment be?/ Plan Of Allocation.....	9
9. How can I get a payment?	10
10. When will I get my payment?	11

Questions? You may call 1-800-_____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

11. Can I get out of the Settlement?	11
THE LAWYERS REPRESENTING YOU	11
12. Do I have a lawyer in the case?	11
13. How will the lawyers be paid?	11
14. How will the Named Plaintiffs be paid?.....	11
15. How may I object to the Settlement or the Attorneys' Fees or expenses or the Named Plaintiffs Compensation?	12
16. How do I tell the Court that I don't like the Settlement?.....	11
THE COURT'S FAIRNESS HEARING	14
17. When and where will the Court decide whether to approve the Settlement?	14
18. Do I have to come to the hearing?	14
19. May I speak at the hearing?.....	14
IF YOU DO NOTHING	14
20. What happens if I do nothing at all?	14
GETTING MORE INFORMATION	15
21. Are there more details about the Settlement?	15

Questions? You may call 1-800 _____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

This litigation (the “*Action*”) is a consolidated case in which *Plaintiffs* allege that the *Defendants* breached fiduciary duties owed to the participants and beneficiaries of the *Plan*. The *Action* arose as a result of allegedly improper or inappropriate executive stock option practices at UnitedHealth Group Incorporated (the “*Company*”). Copies of the most recent *Complaint* and other documents filed in the *Action* are available at [list websites].

SUMMARY OF SETTLEMENT

1. A *Settlement Fund* consisting of \$17 million in cash is being established in the *Action*.
2. The net amount in the *Settlement Fund*, including interest, and after payment of any taxes, expenses, approved attorneys’ fees and costs, and compensation to the *Named Plaintiffs*, will be paid to the *Plan* and be allocated to *Settlement Class* members according to a *Plan of Allocation* described herein.

Statement of Potential Outcome of the Action

As with any litigated case, *Plaintiffs* would face an uncertain outcome if the *Action* were to continue against the *Defendants*. Continued litigation of the *Action* against these *Defendants* could result in a judgment or verdict greater or lesser than the recovery under the *Settlement Agreement*, or in no recovery at all or a judgment or verdict in favor of the *Defendants*.

Throughout this *Action*, the *Named Plaintiffs* and the *Defendants* have disagreed on both liability and damages, and they do not agree on the amount that would be recoverable even if the *Plaintiffs* were to prevail at trial. The *Defendants* have denied and continue to deny the claims and contentions alleged by the *Named Plaintiffs*, that they are liable at all to the *Settlement Class*, and that the *Settlement Class* or the *Plans* have suffered any damages for which the *Defendants* could be legally responsible. Nevertheless, the *Defendants* have taken into account the cost, uncertainty, and risks inherent in any litigation, particularly in a complex case such as this, and have concluded that it is desirable that the *Action* be fully and finally settled as to them on the terms and conditions set forth in the *Settlement Agreement*.

Statement of Attorneys’ Fees and Costs Sought in the Action

Lead Counsel in the *Action* will apply to the *Court* for an order awarding to counsel for the *Named Plaintiffs*’ attorneys’ fees not in excess of twenty five percent (25%) of the amount recovered in the *Settlement*, plus reimbursement of expenses. Any amount awarded will be paid from the proceeds of the *Settlement Fund*.

What Will the Named Plaintiffs Get?

The *Named Plaintiffs* named in the *Action* will share in the allocation of the money paid to the *Plans* on the same basis and to the same extent as all other members of the *Settlement Class*, except that, in addition, the *Named Plaintiffs* may apply to the *Court* for compensation of up to \$15,000 each, plus reimbursement of the reasonable costs and expenses directly relating to their representation of the *Settlement Class*. Any compensation awarded to *Named Plaintiffs* by the *Court* will be paid from the proceeds of the *Settlement Fund*.

Further Information

Further information regarding the *Action* and this *Notice* may be obtained by contacting:

Questions? You may call 1-800 _____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

Edwin J. Mills, Esq.
STULL, STULL & BRODY
6 East 45th Street
New York, NY 10017
www.ssbny.com
Tel: (212) 687-7230
Tel: (800) 337-4983
Fax: (212) 490-2022
SSBY@aol.com

BASIC INFORMATION

1. **Why did I get this Notice package?**

You or someone in your family are or may have been a participant in the UnitedHealth Group 401(k) Savings Plan or the PacifiCare Health Systems Inc. Savings and Profit Sharing Plan (the "*Plan*").

The *Court* caused this Notice to be sent to you because, if you fall within that group, you have a right to know about the *Settlement* and about all of your options, before the *Court* decides whether to approve the *Settlement*. If the *Court* approves the *Settlement*, and after any objections and appeals are resolved, the net amount of the *Settlement Fund* will be paid to the *Plan* and then allocated among *Settlement Class* members according to a *Plan of Allocation* described herein. This Notice package describes the litigation, the *Settlement*, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The *Court* in charge of this case is the United States District Court for the District of Minnesota. The people who sued are called "*Named Plaintiffs*," and the people they sued are called "*Defendants*." The *Named Plaintiffs* in the *Action* are Matthew T. Zilhaver and Sascha Linn. The *Defendants* are: UnitedHealth Group Incorporated L. Robert Dapper, James A. Johnson, William G. Spears, Mary O. Munding, William W. McGuire and Stephen J. Hemsley. The legal action that is the subject of this Notice and the *Settlement* is known as *Zilhaver v. UnitedHealth Group Incorporated*, No. 06 CV 2237 (the "*Action*").

2. **What is the Action about?**

The *Action* claims that the *Defendants* were fiduciaries of the *Plan* and violated fiduciary duties under *ERISA* that they owed to participants in the *Plan*. In the *Complaint*, *Named Plaintiffs* asserted causes of action for the losses they allege were suffered by the *Plan* as the result of the alleged breaches of fiduciary duty by the *Defendants*.

Participants in the *Plan* were able to allocate their account balances among various investment funds. The investment funds included a fund primarily invested in UnitedHealth Group common stock. The *UnitedHealth Group Stock Fund* held assets transferred into the *Plan* from (i) the United HealthCare Corporation Employee Stock Ownership Plan and (ii) an investment fund maintained under the *PacifiCare Plan* that was invested primarily in shares of common stock of PacifiCare Health Systems, Inc.

Questions? You may call 1-800-_____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

The *Complaint* in the *Action* alleges that UnitedHealth Group and other fiduciaries of the *Plan* violated ERISA by failing to prudently manage the assets of the *Plan*, by failing to provide required disclosures to the participants and beneficiaries of the *Plan* and by failing to properly appoint, monitor and inform other fiduciaries of the *Plan*. *Named Plaintiffs* allege that the *Defendants* knew or should have known that UnitedHealth Group stock was not a prudent retirement investment during the *Class Period* and that the *Defendants* acted imprudently by not liquidating the *Plan*'s UnitedHealth Group common stock holdings. *Named Plaintiffs* also assert that certain *Defendants* violated their alleged fiduciary duties by failing to provide *Plan* participants with complete and accurate public information about UnitedHealth Group.

The Defenses in the Action

The *Defendants* deny that they have liability to the *Plan* or its participants or beneficiaries. If the litigation were to continue, the *Defendants* would raise numerous defenses to liability, including the following:

- They were not fiduciaries of the *Plan*, or, if they were fiduciaries, their fiduciary duties did not extend to the matters at issue in the *Action*;
- UnitedHealth Group common stock and the UnitedHealth Group Stock Fund were at all relevant times a prudent investment for the *Plan* and their participants, especially in view of the fact that the *Plan* is an eligible individual account plan, as defined under ERISA § 407(b);
- The *Plan*'s disclosures to participants complied fully with ERISA;
- To the extent they were fiduciaries as to the matters at issue in the *Action*, they fully and prudently discharged all fiduciary duties imposed on them by ERISA;
- Even if they failed to discharge one or more of their ERISA fiduciary duties, any such breach of fiduciary duty did not cause the losses alleged by the *Plaintiffs*; and
- The relief sought by the *Plaintiffs* in the *Action* is not permitted by ERISA.

The Action Has Been Aggressively Litigated

Counsel for the *Named Plaintiffs* have conducted an extensive investigation of the allegations in the *Action* and of the losses allegedly suffered by the *Plan*. In addition, through that investigation and through discovery of information in the *Action*, counsel for the *Named Plaintiffs* has obtained and reviewed millions of pages of documents, including *Plan* governing documents and materials, communications with *Plan* participants, internal UnitedHealth Group documents regarding the *Plan*, SEC filings, press releases, public statements, news articles and other publications, and other documents.

Named Plaintiffs' counsel successfully opposed a motion by the *Defendants* to dismiss the *Named Plaintiffs*' claims or for partial summary judgment in favor of *Defendants*. *Named Plaintiffs*' counsel filed a motion for certification of the *Action* as a class action. The *Court* has not yet decided that motion. If the litigation were to continue, the *Defendants* would be permitted to raise objections to the *Named Plaintiffs*' motion for class certification, including that the *Action* should not be certified as a class action. *Named Plaintiffs*' counsel have drafted and served on *Defendants* numerous discovery requests, reviewed millions of pages of documents which had been provided to the government in connection with allegations of improper or inappropriate executive stock option practices at the *Company*, and they participated in depositions relating to the merits and class certification issues. *Named Plaintiffs*' counsel had also consulted with several proposed experts to investigate the facts, develop opinions, and prepare formal reports concerning the merits of the *Action* and the amount of recoverable damages.

Settlement Discussions

This *Settlement* is the product of extensive negotiations between *Named Plaintiffs*' counsel and the *Defendants*' counsel. Throughout the settlement negotiations, the *Plaintiffs* were advised by various consultants and experts, including individuals with expertise in *ERISA* fiduciary liability issues, insurance coverage issues, and estimating potential damages in cases involving *ERISA* fiduciary liability. There were two mediations in this case. The first mediation conducted by a retired federal judge was unsuccessful in resolving the *Action* but did advance the settlement process. A second mediation, conducted separately by a different retired federal judge, was ultimately successful in enabling the *Parties* to reach the *Settlement* described herein.

3. Why Is This Case a Class Action?

In a class action, one or more plaintiffs, called *Named Plaintiffs*, sue on behalf of people who have similar claims. All of the individuals on whose behalf the *Named Plaintiffs* are suing are "Class Members." One court resolves the issues for all Class Members. U.S. District Judge James M. Rosenbaum is presiding over this case. In its Order setting the *Fairness Hearing*, the *Court* conditionally certified the *Settlement Class* in the *Action*.

4. Why is there a Settlement?

The *Court* has not reached any final decisions in connection with *Plaintiffs*' claims against the *Defendants*. Instead, the *Plaintiffs* and the *Defendants* have agreed to a settlement. In reaching the *Settlement*, they have avoided the cost, risks, and time of a trial.

As with any litigated case, the *Plaintiffs* would face an uncertain outcome if this case went to trial. On the one hand, continuation of the case against the *Defendants* could result in a verdict greater than this *Settlement*. On the other hand, continuing the case against them could result in a verdict for less money than *Plaintiffs* have obtained in this *Settlement*, or even no recovery at all. Based on these factors, the *Plaintiffs* and their attorneys in this case think the *Settlement* is best for all *Settlement Class* members.

5. How do I know whether I am part of the Settlement?

The proceeds of this *Settlement* will be allocated only to members of the *Settlement Class* and only according to a *Plan of Allocation* described herein.

You are a member of the Settlement Class if you fall within the definition of the *Settlement Class* approved by United States District Judge James M. Rosenbaum:

All current and former participants in the *Plan* (including the *PacificCare Plan*) whose individual accounts in the *Plan* held units of the *UnitedHealth Group Stock Fund* at any time during the period December 21, 2005 through and including May 24, 2006, and the beneficiaries of such participants.

6. Are there exceptions to being included?

No. A members of the *Settlement* class are included in the *Settlement* and will be bound by the Judgment if the *Settlement* is approved by the *Court*.

THE SETTLEMENT BENEFITS - WHAT YOU GET

7. What does the Settlement provide?

A *Settlement Fund* consisting of seventeen million dollars in United States currency (\$17 million) is being established in the *Action*. The net amount in the *Settlement Fund*, including interest, and after payment of, and establishment of reserves for, any taxes and *Court*-approved costs, fees, and expenses, including any *Court*-approved compensation to be paid to the *Named Plaintiffs*, will be paid to the *Plan* and, after payment of implementation expenses, the remaining amount will be allocated to *Plan* accounts maintained for members of the *Settlement Class* according to a *Plan of Allocation* described herein.

All *Settlement Class* members and anyone claiming through them are deemed to fully release the *Releasees* from *Released Claims*. The *Releasees* include the *Defendants* and their officers, directors, employees, attorneys, and agents. The *Released Claims* generally include all claims which were or could have been asserted in the *Action*. This means that *Settlement Class* members will not have the right to sue the *Releasees* for anything related to the investment of *Plan* assets or to other alleged fiduciary misconduct during the *Class Period* concerning the *Plan*.

The above description of the operation of the *Settlement* is only a summary. The governing provisions are set forth in the *Settlement Agreement* (including its exhibits), which may be obtained at [list websites], or by contacting *Lead Counsel* listed on page ____ above.

8. How much will my payment be? / Plan Of Allocation

Your share of the net *Settlement* proceeds paid into the *Plans* (the “*Net Proceeds*”), less the *Plan* expenses associated with implementing the *Plan of Allocation*, will depend on your alleged loss, compared to other *Class* members’ alleged losses, related to *Plan* investments in the UnitedHealth Group Stock Fund at any time during the period December 21, 2005 through and including May 24, 2006. Each *Settlement Class* member’s share of the *Net Proceeds* will be determined using the *Plan of Allocation* described herein. Because the *Net Proceeds* are less than the total losses alleged by the *Class*, each *Class* member’s proportionate recovery will be less than his or her alleged loss.

You are not responsible for calculating the amount you may be entitled to receive under the *Settlement*. This calculation will be done for you as part of the implementation of the *Settlement*.

Under the *Plan of Allocation* your proportionate share of the *Net Proceeds* will be calculated as follows:

- The “*Alleged Net Loss*” for each member of the *Settlement Class* will be calculated. *Alleged Net Loss* shall be equal to $A =$ the dollar value, if any, of the balance in the UnitedHealth Group Stock Fund on the first day of the *Class Period*; $B =$ the dollar value, if any, of all sales, dispositions, divestments, forfeitures, withdrawals or distributions of

Questions? You may call 1-800_____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

interests (a "Sale") in the UnitedHealth Group Stock Fund during the Class Period, as of the time of the Sale(s), but not including deductions for Plan fees; C = the dollar value, if any, of the balance in the UnitedHealth Group Stock Fund remaining on the close of business on May 23, 2006.

- The dollar value of the balance allocated to the UnitedHealth Group Stock Fund as of a day equals (i) the number of Fund units allocated to the Participant's account as of the end of that day, multiplied by (ii) the unit price established by the applicable Plan's recordkeeper as of the end of that day (it being understood that for periods before May 1, 2006, units and unit values differed as between the Fund maintained under the UnitedHealth Group 401(k) Savings Plan and the Fund maintained under the PacifiCare Plan).
- In the case of any Participant who had an account balance in the UnitedHealth Group Stock Fund maintained under the PacifiCare Plan as of the first day of the Class Period, Sales include the transaction recorded under that Plan as of December 23, 2005 by which units of that Fund were "sold" for transfer to that Plan's Stable Value Fund.
- Each participant will be assigned an *Alleged Net Loss Percentage*, showing the percentage of the participant's *Alleged Net Loss* in relation to all participants' *Alleged Net Losses*.
- Each participant's share of the *Settlement Fund* will be equal to the *Net Proceeds*, less the *Plan* expenses associated with implementing the *Plan of Allocation*, multiplied by the participant's *Alleged Net Loss Percentage*, except that the *Alleged New Loss Percentages* for the *Defendants* and the Section 16(b) officers of the *Company* who participated in the *Plan* shall be deemed zero and these individuals shall receive no portion of the *Settlement Fund*.¹ Those participants whose share of the *Settlement Fund* would be less than \$10.00 will receive nothing from the *Settlement* and the amounts which they would have received but for this \$10.00 *de minimus* provision will be added back into the *Settlement Fund* prior to the distribution.

Do not worry if you do not have records that show your *Plan* activity. If you are entitled to a share of the *Net Settlement Fund*, your share will be allocated to an account maintained for you under the *Plan*.

9. How can I get a payment?

You do not need to file a claim. If you are a *Settlement Class* member entitled to a share of the *Net Proceeds*, your share will be deposited to an account maintained under the *Plan*. If you are a current *Plan* participant with an existing account under the *Plan*, your allocation will be reflected on your *Plan* account statement. If you are a former *Plan* participant who no longer has an account under the *Plan*, your share of the *Net Proceeds* will be held in an account under the *Plan* and you will be notified by a *Plan* representative of how to obtain your allocation from such account.

¹ The Defendants and Section 16(b) officers of the *Company* who participated in the *Plan* are William W. McGuire; L. Robert Dapper, Stephen J. Hemsley, David Wichmann, Thomas Strickland, George L. Mikan III, Eric Rangen, William Munsell, Lori Sweere, Anthony Welters and Gail Boudreaux.

Questions? You may call 1-800-_____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

10. When would I get my payment?

Payment is conditioned on several matters, including the *Court's* approval of the *Settlement* and such approval becoming final and no longer subject to any appeals to any court. Upon satisfaction of various conditions, the *Net Proceeds* will be paid to the *Plan* and allocated to the accounts of *Settlement Class* members pursuant to the *Plan of Allocation* (described in the Answer to Question No. 8, above) as soon as possible after final approval has been obtained for the *Settlement* (which includes exhaustion of any appeals). Any appeal of the final approval may take several years. Any accrued interest on the *Settlement Fund* will be included in the amount paid to the *Plan* and allocated to the *Plan* accounts of *Settlement Class* members.

There Will Be No Payments If The Settlement Agreement Is Terminated.

The *Settlement Agreement* may be terminated on several grounds, including if (1) the *Court* does not approve or materially modifies the *Settlement* or (2) either as modified by the *Court* or as a result of reversal or modification on appeal, the *Court's Final Order* in the case does not satisfy certain terms of the *Settlement*. Should the *Settlement Agreement* be terminated, the *Settlement* will be terminated, the certification of the *Class* for settlement purposes will be vacated, and the *Action* will proceed as if the *Settlement Agreement* had not been entered into.

11. Can I get out of the Settlement?

You do not have the right to exclude yourself from the *Settlement*. The *Action* was conditionally certified under Federal Rule of Civil Procedure 23(b)(1) [and 23(b)(2)] as a non “opt-out” class action because the *Court* preliminarily determined the requirements of those rules were satisfied. Thus, it is not possible for any participants or beneficiaries to exclude themselves from the benefits of the *Settlement*. As a *Settlement Class* member, you will be bound by any judgments or orders that are entered in the *Action* for all claims that were or could have been asserted in the *Action* or are otherwise included in the release under the *Settlement*.

Although you cannot opt out of the *Settlement*, you can object to the *Settlement* and ask the *Court* not to approve it. See Answer to Question No. 14, below.

THE LAWYERS REPRESENTING YOU**12. Do I have a lawyer in the case?**

The *Court* has appointed the law firm Stull, Stull & Brody as *Lead Counsel* for *Named Plaintiffs* in the *Action*. These lawyers are called “*Class Counsel*.” You will not be charged directly by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

Lead Counsel will file a motion for the award of attorneys’ fees and expenses. This motion will be considered at the *Fairness Hearing*. As previously described, *Lead Counsel* has agreed to limit their

motion for an award of attorneys' fees to not more than twenty five percent (25%) of the recovery, plus reimbursement of expenses incurred in connection with the prosecution of the *Action*.

14. How will the Named Plaintiffs be paid?

Lead Counsel will file a motion asking that the *Court* award the two *Named Plaintiffs*, Matthew Zilhaver and Sascha Lynn, fifteen thousand dollars (\$15,000) each for their services in the *Action* and their contributions to the *Settlement*, including by traveling to the forum (Minneapolis) and giving their deposition testimony and producing their records in discovery. The *Court* will decide the amount, if any, of such *Named Plaintiffs'* compensation. The *Named Plaintiffs'* compensation as awarded by the *Court* will be paid out of the *Settlement Fund*.

15. Objecting to the Settlement or the Attorneys' Fees or expenses or the Named Plaintiffs compensation?

You can tell the *Court* that you do not agree with the *Settlement* or some part of it, including the attorneys' fees and expenses the attorneys intend to seek and/or the *Named Plaintiffs* compensation.

16. How do I tell the Court if I don't like the Settlement?

If you are a *Settlement Class* member, you can object to the *Settlement* if you do not like any part of it. You can give reasons why you think the *Court* should not approve it. The *Court* has directed that members of the *Settlement Class* may object by either a paper filing or via electronic mail.

The addresses for filing paper objections with the *Court* and required service on counsel are as follows:

Clerk of the Court
United States District Court
for the District of Minnesota
300 South Fourth Street
Minneapolis, MN 55415
Re: Case No. 06-CV-2237

To *Lead Counsel*:

Edwin J. Mills
STULL STULL & BRODY
6 East 45th Street
New York, New York 10017

To *Defendants'* Counsel:

Thomas F. Fitzgerald
Thomas S. Gigot
Mark C. Nielsen
GROOM LAW GROUP, CHARTERED
1701 Pennsylvania Avenue, NW
Washington, DC 20006

Peter W. Carter
Thomas Swigert
DORSEY & WHITNEY LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

Nathan H. Seltzer
LATHAM & WATKINS LLP
555 11th Street, N.W.
Washington, DC 20004

Steve W. Gaskins
FLYNN GASKINS & BENNETT, LLP
333 South 7th Street, Suite 2900
Minneapolis, MN 55402

Objections may also be filed via electronic mail to the following addresses:

Clerk of the Court
[to be provided]

Edwin J. Mills
emills@ssbny.com

Thomas S. Gigot
tsg@groom.com

Thomas Swigert
swigert.tom@dorsey.com

Nathan H. Seltzer
nathan.seltzer@lw.com

Steve W. Gaskins
sgaskins@flynngaskins.com

All objections must be both served upon the counsel identified above and filed with the Court **no later than _____, 2008.**

Questions? You may call 1-800_____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

THE COURT'S FAIRNESS HEARING

The *Court* will hold a hearing to decide whether to approve the *Settlement* as fair, reasonable and adequate (the "*Fairness Hearing*"). You may attend the *Fairness Hearing*, and you may ask to speak, but you do not have to attend.

17. **When and where will the Court decide whether to approve the Settlement?**

The *Court* will hold a *Fairness Hearing* at ____m. on _____, 2008, at the United States District Court for the District of Minnesota, 202 U.S. Courthouse, 300 South Fourth Street, Minneapolis, MN 55415, in Courtroom _____ or in the Courtroom then occupied by United States District Judge James M. Rosenbaum. At that hearing, the *Court* will consider whether the *Settlement* is fair, reasonable, and adequate. If there are objections, the *Court* will consider them. After the *Fairness Hearing*, the *Court* will decide whether to approve the *Settlement*. The *Court* will also rule on the motions for attorneys' fees and expenses. It is not known how long these decisions will take.

18. **Do I have to come to the hearing?**

No. *Lead Counsel* will answer questions Judge Rosenbaum might have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to *Court* to talk about it. As long as you mailed your written objection on time, it will be before the *Court* when the *Court* considers whether to approve the *Settlement* as fair, reasonable and adequate. You also may pay your own lawyer to attend the *Fairness Hearing*, but such attendance is not necessary.

19. **May I speak at the hearing?**

If you are a *Settlement Class* member, you may ask the *Court* for permission to speak at the *Fairness Hearing*. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *Zilhaber v. UnitedHealth Group Incorporated.*, No. 06 CV 2237." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be served on the attorneys listed in the Answer to Question No. 14, above, postmarked no later than _____, 2008, and must be filed with the Clerk of the Court at the address listed in the Answer to Question No. 14, postmarked no later than _____, 2008.

IF YOU DO NOTHING

20. **What happens if I do nothing at all?**

If you do nothing and you are a *Settlement Class* member, you will participate in the settlement of the *Action* as described above in this Notice if the *Settlement* is approved.

GETTING MORE INFORMATION

21. Are there more details about the Settlement?

This Notice summarizes the proposed *Settlement*. The complete settlement is set forth in the *Settlement Agreement*. You may obtain a copy of the *Settlement Agreement* by making a written request to the *Lead Counsel* listed at page ____ above. Copies may also be obtained at [list websites].

Questions? You may call 1-800_____ or visit www._____. Please do not contact UnitedHealth Group or the Court as they cannot answer your questions.

Exhibit B To Class Action Settlement Agreement

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

)	No. 06-C-2237
Matthew T. Zilhaver and Sascha Linn,)	
Individually and On Behalf of All Others)	Judge James M. Rosenbaum
Similarly Situated,)	
)	
Plaintiffs,)	
)	
vs.)	
)	
UnitedHealth Group Incorporated., L. Robert)	
Dapper, James A. Johnson, William G. Spears,)	
Mary O. Mundinger, William W. McGuire and)	
Stephen J. Hemsley,)	
)	
Defendants,)	
)	

ORDER AND FINAL JUDGMENT

This *Action* came on for a fairness hearing on a proposed settlement (the "*Settlement*").
The issues having been duly heard and a decision having been duly reached,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

Except as otherwise defined herein, all capitalized and italicized terms used herein shall have the same meanings as are ascribed to them in the Class Action Settlement Agreement between *Plaintiffs* and *Defendants*, dated November 7, 2008 (the "*Settlement Agreement*") [Docket No. ____].

1. The *Court* has jurisdiction over the subject matter of the *Action* and over all parties to the *Action*, including all members of the *Settlement Class*.

2. Pursuant to Fed. R. Civ. P. 23(e)(1)(A) and (C), the *Court* hereby approves and confirms the *Settlement* embodied in the *Settlement Agreement* as being a fair, reasonable, and adequate settlement and compromise of the claims asserted in the *Action*.

3. The *Court* hereby approves the *Settlement Agreement* and orders that the *Settlement Agreement* shall be consummated and implemented in accordance with its terms and conditions.

4. Subject only to the provisions of paragraphs 5 and 10 below and for settlement purposes only, the *Court* hereby grants class certification to the class of persons defined as "all current and former participants in the UnitedHealth Group 401(k) Savings Plan or the PacifiCare Health Systems, Inc. Savings and Profit Sharing Plan whose individual accounts in such Plan held units of the UnitedHealth Group Stock Fund at any time during the period December 21, 2005 through and including May 24, 2006, and the beneficiaries of such participants" (the "*Settlement Class*"). Matthew T. Zilhaver and Sascha Linn (the "*Named Plaintiffs*") are appointed as the *Class* representatives, and Stull, Stull & Brody ("*Lead Counsel*") is appointed class counsel pursuant to Fed. R. Civ. P. 23(g).

5. Subject only to the provisions of paragraph 10 below and for settlement purposes only, the *Court* finds that the *Settlement Class* is properly certified under Fed. R. Civ. P. 23(b)(1) and 23(b)(2) and makes the following findings of fact, conclusions of law, and determinations of mixed fact/law questions:

A. The *Settlement Class* is so numerous that it is impractical to bring all class members before the *Court* individually. Plan records show that there are more than 10,000 members of the *Settlement Class*. The size of this group satisfies Fed. R. Civ. P. 23(a)(1).

B. The *Settlement Class* allegations present common questions of law or fact in satisfaction of Rule 23(a)(2). Questions of law and fact that are common to the *Class* include:

- Whether UnitedHealth Group common stock was a prudent investment for the Plan during the Class Period;
- Whether the Plan's disclosures to participants regarding the UnitedHealth Group Stock Fund complied with ERISA requirements;
- Whether the *Defendants* breached fiduciary obligations under ERISA by not discontinuing the UnitedHealth Group Stock Fund as an investment option for the Plan;
- Whether the *Defendants* breached fiduciary obligations under ERISA by not providing additional or different information to participants regarding the UnitedHealth Group Stock Fund and UnitedHealth Group common stock;
- Whether certain *Defendants* breached fiduciary obligations to the Plan and participants by failing to prudently monitor the other Defendants, such that the Plan's and participants' interests were not adequately protected and served; and
- Whether as a result of the alleged fiduciary breaches engaged in by the *Defendants* the *Plan* and its participants and beneficiaries suffered losses.

C. Fed. R. Civ. P. 23(a)(3) requires that the claims of the proposed representative plaintiffs be typical of the claims of the proposed class. That requirement is satisfied where the claims of the proposed representative plaintiffs arise from the same alleged course of conduct that gives rise to the claims of the proposed *Settlement Class* members, and where the claims are based on the same legal theory. In the present case, the *Named Plaintiffs* allege, among other things, that they were *Plan* participants or beneficiaries during the *Class Period*, that the *Plan's* fiduciaries treated them and all other *Plan* participants alike, and that *Plan*-wide relief is necessary and appropriate under *ERISA*. Under these circumstances, the claims asserted by the *Named Plaintiffs* are sufficiently typical of the claims asserted by the *Settlement Class* as a whole to satisfy Fed. R. Civ. P. 23(a)(3).

D. The requirements of Fed. R. Civ. P. 23(a)(4) are also satisfied. The *Named Plaintiffs* have no conflicting interests with absent members of the *Settlement Class*. The *Court* is satisfied that *Lead Counsel* is qualified, experienced and properly prepared to represent the *Settlement Class*.

E. The *Settlement Class* not only satisfies each requirement of Fed. R. Civ. P. 23(a), but also the requirements of Fed. R. Civ. P. 23(b)(1) and 23(b)(2). In particular:

- i. The Settlement Class is ascertainable from records kept with respect to the Plan and from other objective criteria, and the members of the Settlement Class are so numerous that their joinder before the Court would be impracticable.
- ii. Based on allegations in the Second Amended Complaint, there are one or more questions of fact and/or law common to the Settlement Class.
- iii. Based on allegations in the Second Amended Complaint that the Settling Defendants engaged in uniform misconduct affecting members of the proposed Settlement Class, the claims of the Named Plaintiffs are typical of the claims of the Settlement Class.
- iv. The Named Plaintiffs will fairly and adequately protect the interest of the Settlement Class in that (a) the interests of Named Plaintiffs and the nature of their alleged claims are consistent with those of the members of the Settlement Class, (b) there appear to be no conflicts between or among the Named Plaintiffs and the Settlement Class, and (c) the Named Plaintiffs and the members of the Settlement Class are represented by qualified,

reputable counsel who are experienced in preparing and prosecuting large, complicated ERISA class actions.

- v. The prosecution of separate matters by individual members of the Settlement Class would create a risk of adjudications as to individual class members that would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications, or substantially impair or impede those persons' ability to protect their interests.
- vi. Based on allegations in the Second Amended Complaint, the Defendants have acted or refused to act on grounds generally applicable to the Settlement Class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the Settlement Class as a whole.

F. The *Court* has also considered each of the elements required by Fed. R. Civ. P. 23(g) in order to ensure that *Lead Counsel* will fairly and adequately represent the interests of the *Settlement Class*. *Lead Counsel* who seeks to represent the *Settlement Class* in this matter has done substantial work to identify and to investigate potential claims in the *Action*. They have refined the allegations through a *First* and *Second Amended Complaint*. Those allegations have survived *Defendants'* motions to dismiss and for partial summary judgment. *Lead Counsel* states that it has investigated the allegations made in the *Consolidated Complaint* by interviewing witnesses, reviewing publicly available information, reviewing millions of pages of documents obtained in the course of discovery, participating in deposition discovery and consulting with experts. This is the type of investigation that is proper and sufficient at this stage of litigation, which tends to support the *Court's* finding that *Lead Counsel* will fairly and

adequately represent the interests of the *Settlement Class*. *Lead Counsel* has experience in handling class actions and claims of the type asserted in this *Action*. *Lead Counsel* has also demonstrated knowledge of the applicable law. Finally, *Lead Counsel* has devoted considerable resources to this litigation. The *Court* concludes that efficient use of the various resources available to *Lead Counsel* has been sufficient to represent the interests of the *Settlement Class*.

G. The *Settlement Class* has been given proper and adequate notice of the *Settlement Agreement*, the *Fairness Hearing*, *Lead Counsel's* motion for attorneys' fees and expenses and for *Named Plaintiff* compensation, and the *Plan of Allocation*, such notice having been carried out in accordance with the *Preliminary Approval Order*. Such notice included individual notice to all members of the *Settlement Class* who could be identified through reasonable efforts and provided valid, due, and sufficient notice of these proceedings and of the matters set forth therein, and included information regarding the procedure for the making of objections, as well as the availability of the *Class Notice* and other information about the *Action* and the *Settlement* at the website identified in the *Class Notice*. Such notice fully satisfied the requirements of Fed. R. Civ. P. 23 and the requirements of due process.

H. For purposes of the settlement only, the *Defendants* have not taken any position with regard to whether a class can, should, or would be certified if that question were fully litigated before the *Court*. In approving this *Settlement*, neither the *Court* nor the *Plaintiffs* have relied on any position taken or argument made by the *Defendants* with respect to class certification.

I. Neither the *Plaintiffs* nor the *Defendants* have, for the purposes of any form of estoppel, "prevailed" upon any argument or position related to class certification that the *Defendants* have asserted in the *Court* with respect to this *Action* and the *Plaintiffs* would not be

prejudiced if (i) this *Settlement* were not approved or such approval were reversed on appeal and (ii) the *Defendants* later objected to the certification of any proposed class in this *Action*.

6. Subject only to the provisions of paragraph 10 below, the *Court* finds that the *Settlement* embodied in the *Settlement Agreement* is fair, reasonable, and adequate, based on the following findings of fact, conclusions of law, and determinations of mixed fact/law questions:

A. The *Settlement* was negotiated vigorously and at arm's-length by the *Named Plaintiffs* and their experienced counsel on behalf of the *Settlement Class* seeking *Plan*-wide relief for the *Plan* pursuant to *ERISA* §§ 409 and 502(a)(2).

B. This *Action* settled during the discovery period, after the completion of significant document discovery and a Rule 30(b)(6) deposition, and after the *Court* had ruled on the *Defendants'* motions to dismiss the *Complaint* and for partial summary judgment. The *Action* settled after two mediation sessions conducted, separately, by two experienced mediators (in both cases retired federal judges) with extensive experience in the settlement of class actions and other complex litigations . Both *Named Plaintiffs* and *Defendants* were well positioned to evaluate the settlement value of the *Action*.

C. If the *Settlement* had not been achieved, both *Named Plaintiffs* and *Defendants* faced the expense, risk, and uncertainty of extended litigation. *Named Plaintiffs* contend that their chances of success at trial were excellent in view of, *inter alia*, (i) alleged favorable determinations of legal issues in similar cases, (ii) the expert testimony that *Named Plaintiffs* expected to offer at trial, (iii) the structure of the *Plan* and its administration, and (iv) what *Named Plaintiffs* characterize as inculpatory documents and testimony that would be offered at trial. *Defendants* contend that their chances of success at trial were excellent in view of, *inter alia*, (i) whether *Plaintiffs* have standing to assert the alleged claims, (ii) alleged legal

presumptions favoring the offering of company stock in *ERISA* defined contribution Plan, (iii) the alleged fact that the Plan was a mere holder of UnitedHealth Group common stock during the alleged Class Period because the UnitedHealth Group Stock Fund had been closed to new investments during that period; (iv) what *Defendants* characterize as *Named Plaintiffs'* high burden of proof at trial, (v) the expert testimony that *Defendants* expected to offer at trial, (vi) other possible explanations for the *Plan'* alleged losses unrelated to actions or inactions of the *Plan's* fiduciaries, and (vii) alleged favorable determinations of legal issues in similar cases. The *Court* takes no position on the merits of either *Named Plaintiffs'* or *Defendants'* cases, but notes these arguments as evidence in support of the reasonableness of the *Settlement*.

D. The amount of the *Settlement* — \$17,000,000 — is fair, reasonable, and adequate. The *Settlement* amount is within the range of settlement values obtained in similar cases and is within the range of reasonable settlements appropriate in this case.

E. At all times, the *Named Plaintiffs* have acted independently of *Defendants*.

F. The *Court* has duly considered each objection to the *Settlement* that was filed, and the *Court* denies each objection.

7. Subject only to the provisions of paragraph 10 below, the *Action* is hereby dismissed with prejudice, each party to bear his, her, or its own costs, except as expressly provided herein.

8. Subject only to the provisions of paragraph 11 below, by operation of this *Judgment*, effective upon the entry of the *Judgment* by the *Court*, *Named Plaintiffs* on behalf of themselves and on behalf of the *Settlement Class* and the *Plan*, absolutely and unconditionally release and forever discharge the *Released Parties* from *Released Claims* that *Plaintiffs*, the *Settlement Class* or *Named Plaintiffs* on behalf of the *Plan* directly, indirectly, derivatively, or in any other

capacity ever had, now have or hereafter may have, except that the release shall not include claims relating to the covenants or obligations set forth in this *Settlement Agreement*. Also effective upon entry of the *Judgment* by the *Court*, *Named Plaintiffs* and all other members of the *Settlement Class* and the *Named Plaintiffs* on behalf of the *Plan* shall be permanently and finally enjoined, without the necessity of *Defendants* posting a bond, from commencing or prosecuting any actions or other proceedings asserting any of the *Released Claims* either directly, indirectly, derivatively, or in any other capacity, against any of the *Released Parties*.

9. Subject only to the provisions of paragraph 10 below, by operation of this Judgment, the *Defendants* absolutely and unconditionally release and forever discharge the *Named Plaintiffs*, *Class Members* and *Lead Counsel* from any claim which arises out of or relates in any way the institution, prosecution or settlement of the *Action* (except for claims to enforce the *Settlement*). The *Court* hereby approves and incorporates the *Releases* contained in the *Settlement Agreement*.

10. The *Court* retains exclusive jurisdiction over the *Settlement Agreement* and retains exclusive jurisdiction to resolve any disputes or challenges that may arise as to the performance of the *Settlement Agreement* or any challenges as to the performance, validity, interpretation, administration, enforcement, or enforceability of the *Class Notice*, this *Judgment*, or the *Settlement Agreement* or the termination of the *Settlement Agreement*. The *Court* shall also retain exclusive jurisdiction over and rule by separate order with respect to all motions for awards of attorneys' fees and to *Named Plaintiffs* and reimbursements of expenses made pursuant to Section 10.1 of the *Settlement Agreement*.

11. In the event that the *Settlement Agreement* is terminated in accordance with its terms, (i) this Judgment shall be rendered null and void and shall be vacated *nunc pro tunc*, (ii)

the *Action* shall proceed as provided in the *Settlement Agreement*, (iii) the *Defendants* shall be permitted to object to the certification of any proposed class in this *Action*, and (iv) the *Defendants* shall not be judicially or equitably estopped from arguing against the certification of any class in this *Action*.

12. This Judgment shall not be construed or used as an admission, concession, or declaration by or against *Named Plaintiffs* or *Defendants* of any fault, wrongdoing, breach or liability.

SO ORDERED this ____ day of _____, 2008.

HON. JAMES M. ROSENBAUM
UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MINNESOTA

I. Definitions

A. Except as indicated in this Plan of Allocation, the capitalized terms used herein shall have the meanings ascribed to them in the Class Action Settlement Agreement, fully executed as of November 7, 2008 (the "*Settlement Agreement*") [Docket No. ____].

B. The "*Class Period*" means December 21, 2005 through May 23, 2006, inclusive.

C. "*Participant*" means a member of the *Settlement Class*, as defined in Section 1.34 of the *Settlement Agreement*.

D. "*Net Proceeds*" shall have the meaning set forth in Section 8.2.5 of the *Settlement Agreement*.

E. "*Distributable Net Proceeds*" shall mean *Net Proceeds* less all fees and expenses of the *Plan* Trustee of any *Authorized Administrator* reasonably incurred in connection with respect to implementation of this Plan of Allocation, which fees and expenses shall be *Plan* expenses paid out of the *Net Proceeds* without further order of the *Court* pursuant to Section 8.2.5 of the *Settlement Agreement*.

F. "*Preliminary Individual Dollar Recovery*" means the amount calculated pursuant to Paragraphs III.A-III.F below.

G. "*Final Individual Dollar Recovery*" means the amount calculated pursuant to Parts III.G-III.I below.

II. Allocation Of The *Distributable Net Proceeds* To Members Of The *Settlement Class*

A. Immediately upon the *Judgment* becoming *Final* and after all disbursements have been made pursuant to Sections 8.2.1, 8.2.2, 8.2.3 and 8.2.4 of the *Settlement Agreement*, *Lead Counsel* shall direct the *Financial Institution* to distribute the *Net Proceeds* to the *Plan* Trustee or *Authorized Administrator* designated at that time by UnitedHealth Group Incorporated (the two of them together being the "*Authorized Administrator*"), for allocation to

the members of the *Settlement Class* according to the methods described herein. As soon as practicable after receipt of the *Net Proceeds*, the *Authorized Administrator* shall calculate the fees and expenses, if any, reasonably incurred or to be incurred in connection with or with respect to the implementation this Plan of Allocation and shall deduct those fees and expenses from the *Net Proceeds*, yielding the *Distributable Net Proceeds*.

B. As soon as administratively feasible following the expiration of the time for, or the resolution of, any objection(s) by *Lead Counsel* for Counsel for *Defendants* to the report of the *Authorized Administrator* specified in Paragraph IV.B below, the *Authorized Administrator* shall then allocate the *Distributable Net Proceeds* in accordance with this Plan of Allocation.

C. For those Participants who maintain a *Plan* account as of the time the *Authorized Administrator* commences the calculations described in Paragraph III herein, the *Authorized Administrator* shall allocate into each such Participant's account his or her *Final Individual Dollar Recovery*, as calculated below, in accordance with the existing investment election then in effect or, if no investment election is then in effect, in accordance with the relevant *Plan* provisions.¹ The *Final Individual Dollar Recovery* shall thereafter be treated for all purposes under the *Plan* as assets properly credited to that Participant's account. The Participant may reallocate his or her *Final Individual Dollar Recovery* if and as then permitted by the *Plan*.

D. For those Participants who do not maintain a *Plan* account as of the time the *Authorized Administrator* commences the calculations described in Paragraph III herein (a "*Former Participant*"), the *Authorized Administrator* shall send a written notice to the last known mailing address of each such *Former Participant*. That notice shall state the amount of the *Former Participant's Final Individual Recovery* amount and include instructions on how the

¹ For purposes of this Plan of Allocation if, as of the time the *Authorized Administrator* commences the calculations described in Paragraph III herein, a Participant's account balance is zero the Participant shall be treated as one who does not maintain a *Plan* account within the meaning of Paragraph II.D. herein.

Participant may request and obtain a distribution of that amount under the procedures maintained under the *Plan*. Pending distribution of a *Former Participant's Final Individual Dollar Recovery*, such *Final Individual Dollar Recovery* amounts shall be held in subaccount and invested in a money market fund. The *Authorized Administrator* shall maintain an accounting record of the interest allocable to such amounts, which shall be included in the distribution made to the *Former Participant*. Interest will be calculated using the prior month's crediting rate on a daily accrual basis.

III. Calculation Of Allocation

A. For each Participant, the *Authorized Administrator* shall determine his or her approximate alleged net loss ("*Net Loss*") according to the following formula: $Net\ Loss = A - (B + C)$, where, for each Participant's account:

1. A = the dollar value, if any, of the balance in the *UnitedHealth Group Stock Fund* on the first day of the *Class Period*;

2. B = the dollar value, if any, of all sales, dispositions, divestments, forfeitures, withdrawals or distributions of interests (a "*Sale*") in the *UnitedHealth Group Stock Fund* during the *Class Period*, as of the time of the *Sale(s)*, but not including deductions for *Plan* fees;

3. C = the dollar value, if any, of the balance in the *UnitedHealth Group Stock Fund* remaining on the close of business on May 23, 2006;

4. The dollar value of the balance allocated to the *UnitedHealth Group Stock Fund* as of a day equals (i) the number of *Fund* units allocated to the Participant's account as of the end of that day, multiplied by (ii) the unit price established by the applicable *Plan's* recordkeeper as of the end of that day (it being understood that for periods before May 1, 2006,

units and unit values differed as between the *Fund* maintained under the UnitedHealth Group 401(k) Savings Plan and the *Fund* maintained under the PacifiCare Plan); and

5. In the case of any Participant who had an account balance in the *UnitedHealth Group Stock Fund* maintained under the *PacifiCare Plan* as of the first day of the Class Period, *Sales* include the transaction recorded under that Plan as of December 23, 2005 by which units of that Fund were "sold" for transfer to that Plan's Stable Value Fund.

B. Participants whose *Net Losses* are negative (that is, they realized a gain rather than a loss as a result of the calculations in Paragraph III. A) are excluded from further calculations under this Plan of Allocation and such *Participants* shall receive no payment from the *Cash Settlement Amount*, the *Settlement Fund* or the *Distributable Net Proceeds*.

C. The following Participants who are *Defendants* in the *Action* or reporting officers of the *Company* pursuant to Section 16(b) of the Securities and Exchange Act of 1934, 15 U.S.C. 78p(b), likewise are excluded from further calculations under this Plan of Allocation and such Participants shall receive no payment from the *Cash Settlement Amount*, the *Settlement Fund*, or the *Distributable Net Proceeds*: L. Robert Dapper, William W. McGuire, David Wichmann, Thomas Strickland, George L. Mikan III, Eric Rangen, William Munsell, Lori Sweere, Anthony Welters, Gail Boudreaux and Stephen J. Hemsley.

D. The *Net Losses* of the Participants as calculated in Section III.A, B and C above will be totaled to yield the loss to the Participants over the *Class Period* (the "*Total Participant Net Losses*").

E. The *Authorized Administrator* shall calculate for each Participant his or her "*Participant's Net Loss Percentage*" by dividing each Participant's *Net Loss* by the Total *Participant Net Losses*.

F. The *Authorized Administrator* shall then calculate for each Participant his or her "*Preliminary Individual Dollar Recovery*" by multiplying the *Distributable Net Proceeds* by the *Participant's Net Loss Percentage*.

G. The *Authorized Administrator* shall identify all Participants whose *Preliminary Individual Dollar Recovery* is less than or equal to ten dollars (\$10.00) (hereinafter "*De Minimus Participants*"). Because of the administrative expense associated with the distribution of relatively small settlement payments and related notice costs, *De Minimus Participants* shall be deemed to have a *Preliminary Individual Dollar Recovery* of zero and they will receive no payment from the *Cash Settlement Amount*, the *Settlement Fund* or the *Distributable Net Proceeds*.

H. After excluding the *De Minimus Participants* (and having already excluded the Participants described in Paragraph II.B and C) the *Authorized Administrator* shall then recalculate *Participant Net Loss Percentages* of the remaining Participants. The *Authorized Administrator* shall then calculate for each remaining Participant his or her "*Final Individual Dollar Recovery*" by multiplying the *Distributable Net Proceeds* by the recalculated *Participant's Net Loss Percentage*. For this purpose, the *Authorized Administrator* may use a reasonable rounding technique to ensure that the sum of the *Final Individual Dollar Recoveries* shall equal the *Distributable Net Proceeds*.

I. If any *Participant* with a *Final Individual Dollar Recovery* cannot be located despite reasonable efforts, such *Participant's Final Individual Dollar Recovery* shall be administered in accordance with the procedures of the *Plan* regarding unlocatable participants. If any *Participant* with a *Final Individual Dollar Recovery* is deceased, such *Participant's Final Individual Dollar Recovery* shall be administered in accordance with the procedures of the *Plan*

regarding deceased participants. If a Qualified Domestic Relations Order is in effect which applies to a Participant the procedures of the *Plan* regarding Qualified Domestic Relations Orders shall apply.

IV. Other Provisions

A. The calculations described above may be simplified as necessary to access, retrieve or analyze the relevant data. Any such simplification would be acceptable as long as: (1) each Participant receives a share of the *Distributable Net Proceeds* based approximately on the decline in the value of *Company* stock which he or she held in his or her *Plan* account over the *Class Period* in comparison with the decline in value of *Company* stock held by others in the *Plan*; (2) that the distribution take place through the *Plan* to the greatest extent practicable so as to realize the tax advantages of investment in and through the *Plan*, and (3) the simplification is made so as to minimize unnecessary administrative expenses.

B. Promptly after completing the calculations described above, the *Authorized Administrator* shall provide a written report to *Lead Counsel* and to Counsel for *Defendants* (1) describing the methodology used in making the calculations described in this Plan of Allocation; (2) providing a representative sample of the summaries, compilations, calculations, and tabulations of the amounts described herein; and (3) specifying the dollar amount ultimately allocated to each *Participant*. *Lead Counsel* and Counsel for *Defendants* shall each have seven days to object to all or part of any such report and no allocation shall be effectuated until any such good faith objection has been resolved.

DATED: October _____, 2008

FILED BY:

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