

UNITEDHEALTH GROUP INC  
Form S-4/A  
October 12, 2005  
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As filed with the Securities and Exchange Commission on October 12, 2005

Registration No. 333-127455

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**AMENDMENT**  
**NO. 1**  
**TO**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

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**UNITEDHEALTH GROUP INCORPORATED**

(Exact Name of Registrant as specified in Its charter)

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**Minnesota**  
(State or Other Jurisdiction  
of Incorporation or Organization)

**6324**  
(Primary Standard Industrial  
Classification Code Number)

**41-1321939**  
(I.R.S. Employer  
Identification Number)

**UNITEDHEALTH GROUP CENTER**

**9900 BREN ROAD EAST**

**MINNETONKA, MINNESOTA 55343**

**(952) 936-1300**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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**David J. Lubben, Esq.**

**General Counsel**

**UnitedHealth Group Incorporated**

**UnitedHealth Group Center**

**9900 Bren Road East**

**Minnetonka, Minnesota 55343**

**(952) 936-1300**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

---

*Copies to:*

**Thomas A. Roberts, Esq.**

**Raymond O. Gietz, Esq.**

**Weil, Gotshal & Manges LLP**

**767 Fifth Avenue**

**New York, New York 10153-0119**

**(212) 310-8000**

**Jonathan B. Abram, Esq.**

**Dorsey & Whitney LLP**

**50 South Sixth Street**

**Suite 1500**

**Minneapolis, Minnesota 55402**

**(612) 340-2600**

**Paul T. Schnell, Esq.**

**Neil P. Stronski, Esq.**

**Skadden, Arps, Slate,**

**Meagher & Flom LLP**

**Four Times Square**

**New York, New York 10036-6522**

**(212) 735-3000**

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**Approximate Date of Commencement of the Proposed Sale to the Public:** At the effective time of the merger of PacifiCare with and into a direct wholly-owned subsidiary of the Registrant, which shall occur as soon as practicable after the effective date of this registration statement and the satisfaction or waiver of all conditions to closing of such merger.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.**

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Dear Stockholders:

You are cordially invited to attend a special meeting of stockholders of PacifiCare Health Systems, Inc., which will be held on Thursday, November 17, 2005 beginning at 10:00 a.m. local time at the Residence Inn by Marriott, 4931 Katella Avenue, Los Alamitos, California 90720. At the special meeting, PacifiCare's stockholders will be asked to adopt the merger agreement that PacifiCare has entered into with UnitedHealth Group Incorporated and Point Acquisition LLC, a wholly owned subsidiary of UnitedHealth Group, pursuant to which the business of PacifiCare will be continued as a wholly owned subsidiary of UnitedHealth Group.

If it is completed, the proposed merger will create opportunities for broader customer access to a stronger and more diverse network of doctors and other care providers, enhanced and expanded affordable health care services that address the needs of older Americans, including those under new Medicare programs, the application of more consumer-oriented offerings and service capabilities, and quality enhancements and efficiency gains for hospitals, physicians and other health professionals. Following the merger, PacifiCare stockholders are expected to own in the aggregate approximately 8% of UnitedHealth Group's outstanding common stock. By becoming part of a much larger health and well-being company, PacifiCare would be in a better position to take advantage of growth opportunities, meet competitive pressures, serve customers more efficiently and develop, introduce and administer new products to respond to the need for affordable healthcare.

If the proposed merger is completed, each share of PacifiCare common stock will be exchanged for 1.1 shares of UnitedHealth Group common stock and \$21.50 in cash, collectively the merger consideration. UnitedHealth Group common stock is listed on the New York Stock Exchange, Inc. under the symbol UNH and PacifiCare common stock is listed on the New York Stock Exchange under the symbol PHS. The closing price of UnitedHealth Group common stock on the New York Stock Exchange was \$55.18 per share on October 11, 2005 and the closing price of PacifiCare common stock on the New York Stock Exchange was \$79.00 per share on October 11, 2005. **The value of the merger consideration to be received by PacifiCare stockholders will fluctuate with changes in the price of UnitedHealth Group's common stock if the price of UnitedHealth Group's common stock increases, the value of the merger consideration increases; if the price of UnitedHealth Group's common stock decreases, the value of the merger consideration decreases. There can be no assurance as to the market price of UnitedHealth Group common stock at any time prior to the completion of the merger or at any time thereafter.** Stockholders are urged to check the current trading price for UnitedHealth Group common stock and for PacifiCare common stock.

**Our board of directors has reviewed and considered the terms of the merger and the merger agreement and has unanimously determined that the proposed merger is advisable, fair to and in the best interests of, PacifiCare and its stockholders and unanimously recommends that you vote FOR the adoption of the merger agreement, which is described in detail in the accompanying proxy statement/prospectus.**

**YOUR VOTE IS VERY IMPORTANT.** PacifiCare cannot complete the proposed merger unless the merger agreement is adopted by the affirmative vote of holders of a majority of the shares of PacifiCare common stock outstanding on the close of business on October 11, 2005. The obligations of PacifiCare and UnitedHealth Group to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger, including receiving approval from regulatory agencies. Whether or not you plan to attend the special meeting, please complete, sign, date and promptly return the accompanying proxy in the enclosed postage paid envelope. You may also vote your shares by telephone, using a toll-free number, or by accessing the Internet. Your proxy card contains instructions for using these convenient services. Returning the proxy does not deprive you of your right to attend our special meeting. If you decide to attend our special meeting and wish to change your proxy vote, you may do so by voting in person at the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the special meeting, you must obtain from the record holder a proxy issued in your name.



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Only stockholders who hold shares of PacifiCare common stock at the close of business on October 11, 2005 will be entitled to vote at the special meeting. If the merger agreement is adopted by the PacifiCare stockholders, the parties intend to close the merger as soon as possible after the special meeting and after all of the conditions to closing the merger are satisfied or waived, if permissible under applicable law and stock exchange rules.

The proxy statement/prospectus explains the merger in greater detail and provides you with detailed information concerning UnitedHealth Group, PacifiCare and the special meeting. Please give all of the information contained in and incorporated by reference into the proxy statement/prospectus your careful attention. **In particular, you should carefully consider the discussion of the risk factors relating to the proposed merger in the section entitled Risk Factors beginning on page 32 of this proxy statement/prospectus.**

**TO ADOPT THE MERGER AGREEMENT, YOU MUST VOTE FOR THE PROPOSAL BY FOLLOWING THE INSTRUCTIONS STATED ON THE ENCLOSED PROXY CARD. IF YOU DO NOT VOTE AT ALL, YOU WILL, IN EFFECT, HAVE VOTED AGAINST THE PROPOSAL.**

If the proposed merger is completed, you will be sent written instructions for exchanging your certificates of PacifiCare common stock for the merger consideration. Please do not send in your certificates until you have received these instructions.

On behalf of the PacifiCare board of directors, I thank you for your support and urge you to VOTE FOR ADOPTION of the merger agreement.

Sincerely,

Howard G. Phanstiel

Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission nor any state regulatory authority has approved or disapproved of the shares of UnitedHealth Group common stock to be issued in the merger, or determined if the proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus is October 12, 2005.

This proxy statement/prospectus and the form of proxy are first being mailed to the stockholders of PacifiCare on or about October 19, 2005.

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON NOVEMBER 17, 2005**

To Stockholders:

NOTICE IS HEREBY GIVEN, that we will hold a special meeting of stockholders of PacifiCare Health Systems, Inc., a Delaware corporation, at 10:00 a.m., local time, on Thursday, November 17, 2005 at the Residence Inn by Marriott, 4931 Katella Avenue, Los Alamitos, California 90720 for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger by and among UnitedHealth Group Incorporated, Point Acquisition LLC, and PacifiCare, dated as of July 6, 2005, pursuant to which PacifiCare will merge with and into Point Acquisition LLC, and PacifiCare will become a wholly owned subsidiary of UnitedHealth Group, such transaction being referred to as the merger. Each outstanding share of PacifiCare common stock will be converted into the right to receive 1.1 shares of UnitedHealth Group common stock and \$21.50 in cash.
2. To consider and vote on a proposal to authorize the proxyholders to vote to adjourn or postpone the special meeting, in their sole discretion, for the purpose of soliciting additional votes for the adoption of the merger agreement.
3. To transact such other business as may properly come before the special meeting.

We describe the merger and the merger agreement more fully in the proxy statement/prospectus attached to and forming part of this notice. You are encouraged to read the entire document carefully. As of the date of this notice, PacifiCare's board of directors knows of no other business to be conducted at the special meeting.

The board of directors of PacifiCare unanimously recommends that PacifiCare stockholders vote FOR approval and adoption of the merger agreement.

Only stockholders of record of PacifiCare common stock at the close of business on October 11, 2005, the record date for the special meeting, are entitled to notice of, and will be entitled to vote at, the special meeting or any adjournment or postponement thereof. Adoption of the merger agreement will require the affirmative vote of PacifiCare stockholders representing a majority of the outstanding shares of PacifiCare common stock entitled to vote at the special meeting. Authorizing the proxyholders to vote to adjourn or postpone the special meeting for the purpose of soliciting additional votes for the adoption of the merger agreement will require the affirmative vote of PacifiCare stockholders representing a majority of the shares of PacifiCare common stock present and entitled to vote at the special meeting.

PacifiCare stockholders have the right to dissent from the merger and obtain payment in cash of the fair value of their shares of common stock under applicable provisions of Delaware law. In order to perfect dissenters' rights, stockholders must give written demand for appraisal of their shares before the taking of the vote on the merger at the special meeting and must not vote in favor of the merger. A copy of the applicable

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Delaware statutory provision is included as Annex D to the attached proxy statement/prospectus and a summary of this provision can be found in the section entitled "Appraisal Rights for PacifiCare Stockholders" beginning on page 96 of the attached proxy statement/prospectus.

**Your vote is important. To ensure that your shares are represented at the special meeting, you are urged to complete, date and sign the enclosed proxy and mail it promptly in the postage-paid envelope provided, whether or not you plan to attend the special meeting in person. Completing a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote. You may also vote your shares by telephone, using a toll-free number, or the Internet. Your proxy card contains instructions for using these convenient services. If you do not return or submit the proxy or vote in person at the special meeting, the effect will be the same as a vote against the merger agreement proposal.**



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You may revoke your proxy in the manner described in the accompanying proxy statement/prospectus at any time before it has been voted at the special meeting. If you attend the special meeting you may vote in person even if you returned a proxy. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the special meeting, you must obtain from the record holder a proxy issued in your name.

Please do not send your stock certificates at this time. If the merger is completed, you will be sent instructions regarding the surrender of your stock certificates.

By Order of the Board of Directors

Joseph S. Konowiecki

*Secretary*

Cypress, California

October 12, 2005

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**PROXY STATEMENT OF PACIFICARE HEALTH SYSTEMS, INC.**

**PROSPECTUS OF UNITEDHEALTH GROUP INCORPORATED**

This proxy statement/prospectus is being furnished to stockholders of PacifiCare Health Systems, Inc., a Delaware corporation, referred to as PacifiCare, in connection with the solicitation of proxies by the board of directors of PacifiCare for use at the special meeting of stockholders of PacifiCare to be held on Thursday, November 17, 2005 at 10:00 a.m., local time, at the Residence Inn by Marriott, 4931 Katella Avenue, Los Alamitos, California 90720. At the special meeting, holders of PacifiCare common stock, \$0.01 par value, are being asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, referred to as the merger agreement, dated as of July 6, 2005, by and among PacifiCare, UnitedHealth Group Incorporated, a Minnesota corporation, and Point Acquisition LLC, a limited liability company organized under the laws of the State of Delaware and a wholly owned subsidiary of UnitedHealth Group. The merger agreement provides for, among other things, the merger of PacifiCare with and into Point Acquisition, which is referred to as the merger. A copy of the merger agreement is attached hereto as Annex A and made part of this proxy statement/prospectus. At the special meeting, PacifiCare stockholders also are being asked to consider and vote upon a proposal to authorize the proxyholders to vote to adjourn or postpone the special meeting, in their sole discretion, for the purpose of soliciting additional votes for the adoption of the merger agreement.

At the effective time of the merger, PacifiCare will merge with and into Point Acquisition. Each outstanding share of PacifiCare common stock will be converted into the right to receive 1.1 shares of UnitedHealth Group common stock and \$21.50 in cash. Approximately 105.6 million shares of UnitedHealth Group common stock are expected to be issued in connection with the merger (assuming no exercise of outstanding PacifiCare stock options). For additional information regarding the terms of the merger, see the merger agreement attached as Annex A to this proxy statement/prospectus and the section entitled "The Merger" beginning on page 45 of this proxy statement/prospectus. Completion of the merger is conditioned upon, among other things, adoption of the merger agreement by PacifiCare's stockholders and receipt of all required regulatory approvals.

UnitedHealth Group common stock is listed on the New York Stock Exchange, Inc. under the symbol "UNH", and PacifiCare common stock is listed on the New York Stock Exchange under the symbol "PHS". The closing price of UnitedHealth Group common stock on the New York Stock Exchange was \$55.18 per share on October 11, 2005 and the closing price of PacifiCare common stock on the New York Stock Exchange was \$79.00 per share on October 11, 2005. There can be no assurance as to the market price of UnitedHealth Group common stock at any time prior to the effective time of the merger or at any time thereafter. Stockholders are urged to check the current trading price for UnitedHealth Group common stock and for PacifiCare common stock.

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**PACIFICARE STOCKHOLDERS ARE STRONGLY URGED TO READ AND CONSIDER CAREFULLY THIS PROXY STATEMENT/PROSPECTUS IN ITS ENTIRETY, PARTICULARLY THE MATTERS REFERRED TO IN THE SECTION ENTITLED RISK FACTORS BEGINNING ON PAGE 32 OF THIS PROXY STATEMENT/PROSPECTUS.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares of UnitedHealth Group common stock to be issued in the merger, or determined if the proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

The date of this proxy statement/prospectus is October 12, 2005.

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This proxy statement/prospectus and the form of proxy are first being mailed to the stockholders of PacifiCare on or about October 19, 2005.

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**IMPORTANT**

This document constitutes a proxy statement of PacifiCare to PacifiCare stockholders and a prospectus of UnitedHealth Group for the shares of UnitedHealth Group common stock that UnitedHealth Group will issue to PacifiCare stockholders in the merger. UnitedHealth Group has filed a registration statement on Form S-4 to register the shares of UnitedHealth Group's common stock to be issued to PacifiCare stockholders in the merger. This proxy statement/prospectus is part of the registration statement, but does not contain all of the information set forth in the registration statement, certain portions of which have been omitted as permitted by the rules and regulations of the Securities and Exchange Commission. Such additional information may be obtained, without charge, from the SEC's principal office in Washington, D.C. or from the website maintained by the SEC at <http://www.sec.gov>. In accordance with the rules of the SEC this proxy statement/prospectus incorporates important business and financial information about UnitedHealth Group, PacifiCare and their affiliates that is contained in documents filed with the SEC. The information incorporated by reference is deemed to be part of this proxy statement/prospectus, except for any information superseded by information in this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 130 of this proxy statement/prospectus.

We are not incorporating the contents of the websites of the SEC or any other person into this document. We are only providing the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/prospectus at such websites for your convenience.

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**ANNEXES**

<u>Annex A</u>	Agreement and Plan of Merger
<u>Annex B</u>	Opinion of MTS Health Partners, L.P.

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Annex C

Opinion of Morgan Stanley & Co. Incorporated

Annex D

Appraisal Rights under Section 262 of the Delaware General Corporation Law

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

*The following are some questions that you, as a stockholder of PacifiCare, may have regarding the merger and the other matters being considered at the special meeting and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus, including the documents attached to this proxy statement/prospectus, because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meeting. Additional important information is also contained in the annexes and the documents that are incorporated by reference in this proxy statement/prospectus.*

**Q: Why am I receiving this proxy statement/prospectus**

A: PacifiCare and UnitedHealth Group have agreed to the acquisition of PacifiCare by UnitedHealth Group under the terms of a merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A. In order to complete the merger, PacifiCare stockholders must approve and adopt the merger agreement and the transactions contemplated thereby. This proxy statement/prospectus contains important information about the merger, the merger agreement and the special meeting, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending the special meeting. Your vote is very important. We encourage you to vote as soon as possible.

**Q: What will be the impact of the merger?**

A: If the merger is completed, PacifiCare will become part of UnitedHealth Group. By becoming part of a much larger health and well-being company, PacifiCare's ability to market its services, expand its business and serve its members is expected to be greatly enhanced. We believe the merger will create the following benefits:

broader customer access to a stronger and more diverse network of doctors and other care providers;

enhanced and expanded affordable healthcare services that address the needs of older Americans, including those under new Medicare programs, and provide seniors with consistent quality of care and service across the country;

the application of more consumer-oriented offerings and service capabilities that align with the rapidly developing confluence of health and financial services;

quality enhancements and efficiency gains for hospitals, physicians and other health professionals.

**Q: Why are UnitedHealth Group and PacifiCare proposing the merger?**

A: To review the reasons for the merger, see the sections entitled "The Merger - UnitedHealth Group's Reasons for the Merger" and "The Merger - PacifiCare's Reasons for the Merger" beginning on pages 52 and 54 respectively of this proxy statement/prospectus.

**Q: What will happen in the merger?**

A: In the merger, PacifiCare will merge with and into Point Acquisition, which is a wholly owned subsidiary of UnitedHealth Group, with Point Acquisition continuing after the merger as the surviving entity and a wholly owned subsidiary of UnitedHealth Group.

**Q: As a PacifiCare stockholder, what will I receive in the merger?**

A: If the merger is completed, for each share of PacifiCare common stock you own, you will receive 1.1 shares of UnitedHealth Group common stock and \$21.50 in cash, referred to, collectively, as the merger consideration.

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UnitedHealth Group will not issue fractional shares of common stock. Instead, in lieu of any fractional share that you would otherwise receive, you will receive cash based on the closing market price of UnitedHealth Group common stock as of the effective date of the merger or, if such date is not a trading day, the last trading day prior to the effective date of the merger. As of July 5, 2005, the trading day immediately preceding the public announcement date of the proposed transaction, the implied value of the merger consideration was \$80.05 per share of PacifiCare common stock. Immediately following the merger, PacifiCare stockholders are expected to own in the aggregate approximately 8% of the outstanding shares of UnitedHealth Group common stock.

**Q: What are the principal risks relating to the merger?**

A: The anticipated benefits of combining UnitedHealth Group and PacifiCare may not be realized. UnitedHealth Group may have difficulty integrating PacifiCare and may incur substantial costs in connection with the integration. UnitedHealth Group and PacifiCare must obtain several governmental consents to complete the merger, which, if delayed, not granted or granted with conditions or restrictions, may jeopardize or postpone the merger, result in additional expense or reduce the anticipated benefits of the transaction. The merger may result in the loss of customers or providers. If all of the conditions to the merger are not met, the merger may not occur and UnitedHealth Group and PacifiCare may lose some or all of the intended benefits of the merger. These and other risks are explained in the section entitled "Risk Factors - Risks Associated with the Merger" beginning on page 32 of this proxy statement/prospectus.

**Q: Can the value of the transaction change between now and the time the merger is completed?**

A: Yes. The value of the portion of the merger consideration comprised of UnitedHealth Group common stock can change. The 1.1 exchange ratio is a fixed exchange ratio, meaning that you will receive 1.1 shares of UnitedHealth Group common stock for each share of PacifiCare common stock you own plus \$21.50 in cash regardless of the trading price of UnitedHealth Group common stock on the effective date of the merger. The market value of the UnitedHealth Group common stock you will receive in the merger will increase or decrease as the trading price of UnitedHealth Group's common stock increases or decreases and, therefore, may be different at the time the merger is completed than it was at the time the merger agreement was signed and at the time of the special meeting. There can be no assurance as to the market price of UnitedHealth Group common stock at any time prior to the completion of the merger or at any time thereafter. You are urged to obtain current trading prices for UnitedHealth Group common stock and PacifiCare common stock.

**Q: As a holder of options to purchase PacifiCare common stock, PacifiCare restricted stock units or PacifiCare deferred stock units, what will I receive in the merger?**

A: Each currently outstanding option to purchase PacifiCare common stock (whether or not then vested) which remains outstanding immediately prior to consummation of the merger will become fully vested upon consummation of the merger, will be assumed by UnitedHealth Group, subject generally to the same terms and conditions as previously applicable thereto, and will be converted automatically into options to purchase shares of UnitedHealth Group common stock pursuant to a formula more fully described in the merger agreement. All currently outstanding shares of PacifiCare common stock issued under PacifiCare compensation plans that are subject to forfeiture risk will fully vest as of the consummation of the merger and in full settlement thereof (net of applicable tax withholding in accordance with the practices of PacifiCare) be converted into the right to receive the merger consideration. Currently outstanding restricted stock units and deferred stock units will become fully vested as of the completion of the merger and in full settlement thereof (net of applicable tax withholding in accordance with the practices of PacifiCare) will become

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immediately distributable in the form of the merger consideration. For further information concerning the treatment of stock options and other equity-based awards in the merger, please see the section entitled "The Merger: Interests of Certain Persons in the Merger: Equity-Based Awards" beginning on page 86 of this proxy statement/prospectus.

### **Q: When and where will the special meeting take place?**

A: The special meeting is scheduled to take place at 10:00 a.m., local time, on Thursday, November 17, 2005 at the Residence Inn by Marriott, 4931 Katella Avenue, Los Alamitos, California 90720.

### **Q: Who is entitled to vote at the special meeting?**

A: Holders of record of PacifiCare common stock as of the close of business on October 11, 2005, referred to as the record date, are entitled to vote at the special meeting. Each stockholder has one vote for each share of PacifiCare common stock that the stockholder owns on the record date.

### **Q: What vote is required to adopt the merger agreement?**

A: The affirmative vote of a majority of the shares of PacifiCare common stock outstanding as of the record date is the only vote required to adopt the merger agreement.

### **Q: How does the PacifiCare board of directors recommend that PacifiCare stockholders vote?**

A: PacifiCare's board of directors unanimously recommends that PacifiCare stockholders vote **FOR** the adoption of the merger agreement.

### **Q: What do I need to do now?**

A: After carefully reading and considering the information contained in and incorporated by reference into this proxy statement/prospectus, please mail your signed proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the special meeting. You may also vote your shares by telephone, using a toll-free number, or by accessing the Internet. Votes by telephone or the Internet must be received by 1:00 a.m. Central time on November 17, 2005 (or by 1:00 a.m. Central time on November 15, 2005 for shares allocated to you under the PacifiCare Savings and Profit Sharing Plan, referred to as the 401(k) Plan). Your proxy card contains instructions for using these convenient services. You may also attend the special meeting and vote in person. If your shares are held in street name by your broker or bank, your broker or bank will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker or bank regarding how to instruct your broker or bank to vote your shares.

### **Q: What if I do not vote, do not fully complete my proxy card or fail to instruct my broker?**

A: It is very important for you to vote. If you do not submit a proxy or instruct your broker how to vote your shares if your shares are held in street name, and you do not vote by telephone, the Internet or in person at the special meeting, the effect will be the same as if you voted **AGAINST** the adoption of the merger agreement. If you submit a signed proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted **FOR** the adoption of the merger agreement. However, if your shares are held in street name and you do not instruct your broker how to vote your shares, your broker will not vote your shares, such failure to vote being referred to as a broker non-vote, which will have the same effect as voting **AGAINST** the adoption of the merger agreement. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares in order to ensure that your shares will be voted at the special meeting.

**Q: Can I change my vote after I have delivered my proxy?**

A: Yes. You may change your vote at any time before the vote takes place at the special

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meeting. To change your vote, you may (i) submit a new proxy card bearing a later date by mail or submit a new proxy by telephone or the Internet, or (ii) send a signed written notice bearing a date later than the date of the proxy to the Secretary of PacifiCare stating that you would like to revoke your proxy. You may also change your vote by attending the special meeting and voting in person, although your attendance alone will not revoke your proxy. However, if you elect to vote in person at the special meeting and your shares are held by a broker, bank or other nominee, you must bring to the meeting a legal proxy from the broker, bank or other nominee authorizing you to vote the shares.

### **Q: Will a proxy solicitor be used?**

A: Yes. PacifiCare has engaged Georgeson Shareholder to assist in the solicitation of proxies for the special meeting and PacifiCare estimates that it will pay them a fee of approximately \$20,000 and will reimburse them for reasonable out of pocket expenses incurred in connection with such solicitation.

### **Q: Do I need to attend the special meeting in person?**

A: No. It is not necessary for you to attend the special meeting to vote your shares if PacifiCare has previously received your proxy, although you are welcome to attend.

### **Q: Should I send in my stock certificates now?**

A: No. After the merger is completed, Wells Fargo, N.A., acting as our exchange agent, will send you instructions (including a letter of transmittal) explaining how to exchange your shares of PacifiCare common stock for the appropriate number of shares of UnitedHealth Group common stock and cash. Please do not send in your stock certificates with your proxy.

### **Q: When do you expect to complete the merger?**

A: We are working to complete the merger as promptly as practicable after the special meeting and the receipt of required regulatory approvals or consents. However, because the merger is subject to closing conditions and the approval of a number of regulatory agencies, including the Department of Justice, referred to as the DOJ, and several state departments of insurance and/or health, we cannot predict the exact timing. For further information regarding regulatory approvals necessary for completion of the merger, please see the section entitled "The Merger Regulatory Matters" beginning on page 90 of this proxy statement/prospectus.

### **Q: What are the material U.S. federal income tax consequences of the merger to me?**

A: The completion of the merger is conditioned on the receipt by PacifiCare and UnitedHealth Group of tax opinions from their respective counsel dated as of the date of the merger to the effect that the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning in Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to as the Code. PacifiCare's and UnitedHealth Group's conditions relating to these tax opinions are not waivable following the adoption of the merger agreement by PacifiCare stockholders without reapproval by PacifiCare stockholders (with appropriate disclosure), and neither PacifiCare nor UnitedHealth Group intends to waive this condition. Assuming the merger so qualifies as a reorganization, which PacifiCare and UnitedHealth Group anticipate, a PacifiCare stockholder generally will, for U.S. federal income tax purposes, recognize gain, but not loss, equal to the lesser of (1) the excess, if any, of the fair market value of the UnitedHealth Group common stock and the amount of cash received by you over your adjusted tax basis in your PacifiCare common stock exchanged in the merger or (2) the amount of cash received by you in the merger. This treatment may not apply to all PacifiCare stockholders. For further information concerning U.S. federal income tax consequences of the merger, please see the section entitled "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 91 of this proxy statement/prospectus.



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**Tax matters are very complicated and the consequences of the merger to any particular PacifiCare stockholder will depend on that stockholder's particular facts and circumstances. You are urged to consult your own tax advisor to determine your own tax consequences from the merger.**

**Q: Will I have appraisal rights as a result of the merger?**

A: Yes. In order to exercise your appraisal rights, you must follow the requirements of Delaware law. A copy of the applicable Delaware statutory provision is included as Annex D to this proxy statement/prospectus and a summary of this provision can be found in the section entitled "Appraisal Rights for PacifiCare Stockholders" beginning on page 96 of this proxy statement/prospectus.

**Q: How will PacifiCare stockholders receive the merger consideration?**

A: Following the merger, you will receive a letter of transmittal and instructions on how to obtain the merger consideration in exchange for your PacifiCare common stock. You must return the completed letter of transmittal and your PacifiCare stock certificates as described in the instructions, and you will receive the merger consideration as soon as practicable after Wells Fargo, the exchange agent, receives your completed letter of transmittal and PacifiCare stock certificates. If you hold shares through a brokerage account, your broker will handle the surrender of stock certificates to Wells Fargo.

**Q: Who can I call with questions?**

A: If you have any questions about the merger, how to submit your proxy or other matters discussed in this proxy statement/prospectus or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact Georgeson Shareholder at 866-344-4276.



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**SUMMARY OF THE PROXY STATEMENT/PROSPECTUS**

*This summary highlights information from this proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this entire document for a more complete understanding of the merger agreement and the transactions contemplated thereby, including the merger. In particular, you should read the documents attached to this proxy statement/prospectus, including the merger agreement and the fairness opinions which are attached as Annexes A, B and C, and made part of this proxy statement/prospectus. In addition, we have incorporated by reference important business, financial and other information about PacifiCare and UnitedHealth Group. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page 130. This summary and the balance of this proxy statement/prospectus contain forward-looking statements about events that are not certain to occur as described, or at all, and you should not place undue reliance on those statements. Please carefully read the section entitled *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 40 of this proxy statement/prospectus.*

**The Companies**

**PacifiCare Health Systems, Inc.**

5995 Plaza Drive

Cypress, CA 90630-5028

Telephone: (714) 952-1121

PacifiCare offers managed care and other health insurance products to employer groups, individuals and Medicare beneficiaries throughout most of the United States and Guam. PacifiCare's commercial and senior plans are designed to deliver quality health care and customer service to members cost-effectively. These products include health insurance, health benefits administration and indemnity products such as Medicare supplement products offered through health maintenance organizations, or HMOs, and Preferred Provider Organizations, or PPOs. PacifiCare also offers a variety of specialty managed care products and services that employees can purchase as a supplement to PacifiCare's basic commercial and senior medical plans or as stand-alone products. These products include pharmacy benefit management, or PBM, services, behavioral health services, group life and health insurance and dental and vision benefit plans. As of June 30, 2005, PacifiCare had approximately 3.4 million HMO and other commercial and senior product members and approximately 11.3 million members in its PBM, dental and vision and behavioral plans, including both members covered by PacifiCare's commercial or senior HMOs, and members who are unaffiliated with PacifiCare's HMOs. PacifiCare's PBM membership includes members who either have a prescription drug benefit or are entitled to purchase their prescriptions utilizing PacifiCare's retail network contracts or mail service.

**UnitedHealth Group Incorporated**

UnitedHealth Group Center

9900 Bren Road East

Minnetonka, Minnesota 55343

(952) 936-1300

UnitedHealth Group is a diversified health and well-being company, serving more than 55 million Americans. UnitedHealth Group is focused on improving the health care system and how it works for multiple, distinct constituencies. UnitedHealth Group provides individuals with access to quality, cost-effective health care services and resources through more than 460,000 physicians and other care providers, and 4,200 hospitals across the United States. UnitedHealth Group manages approximately \$60 billion in aggregate annual health care spending on behalf of more than 250,000 employer-customers and the consumers it serves. UnitedHealth Group's primary focus is on improving health care systems by simplifying the administrative components of

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health care delivery, promoting evidence-based medicine as the standard for care, and providing relevant, actionable data that physicians, health care providers, consumers, employers and other participants in health care can use to make better, more informed decisions. UnitedHealth Group has developed its business around the principles of physician-centered health care that is supported by data-driven care facilitation and management resources. This approach works to ensure access through all clinical situations, improve outcomes and enhance affordability.

UnitedHealth Group's revenues are derived from premium revenues on risk-based products, fees from management, administrative, technology, and consulting services, sales of a wide variety of products and services related to the broad health and well-being industry and investment and other income. UnitedHealth Group conducts its business primarily through operating divisions in the following business segments:

Uniprise;

Health Care Services, which includes our UnitedHealthcare, Ovations and AmeriChoice businesses;

Specialized Care Services; and

Ingenix.

Uniprise delivers health care and well-being services nationwide to large national employers, individual consumers and other health care organizations through three related business units: Uniprise Strategic Solutions, which is referred to as USS, Definity Health and Exante Financial Services. Each business unit works with other UnitedHealth Group businesses to deliver a complementary and integrated array of services. USS delivers strategic health and well-being solutions to large national employers. Definity Health provides consumer-driven health plans and services to employers and their employees. Exante delivers health care focused financial services for consumers, employers and providers. Most Uniprise products and services are delivered through its licensed affiliates. Uniprise provides administrative and customer care services for certain other businesses of UnitedHealth Group. Uniprise also offers transactional processing services to various intermediaries and health care entities.

UnitedHealth Group's Health Care Services segment consists of the UnitedHealthcare, Ovations and AmeriChoice businesses. UnitedHealthcare offers a comprehensive array of consumer-oriented health benefit plans and services for local, small and mid-sized employers and individuals nationwide. Ovations provides health and well-being services for individuals age 50 and older, addressing their unique needs for preventative and acute health care services, as well as for services dealing with chronic disease and other specialized issues for older individuals. Ovation's wide array of offerings and products includes Medicare Supplement and Medicare Advantage coverage and prescription discount cards, as well as disease management and chronic care capabilities. AmeriChoice provides network-based health and well-being services to state Medicaid, Children's Health Insurance Program, and other government-sponsored health care programs and the beneficiaries of those programs.

The Specialized Care Services companies, which are referred to as SCS companies, offer a comprehensive platform of specialty health and wellness and ancillary benefits, services and resources to specific customer markets nationwide. These products and services include employee benefit offerings, provider networks and related resources focusing on behavioral health and substance abuse, dental, vision, disease management, complex and chronic illness and care facilitation. The SCS companies also offer solutions in the areas of complementary and alternative care, employee assistance, short-term disability, life insurance, work life balance and health-related information. These services are designed to simplify the consumer health care experience and facilitate efficient health care delivery.



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Ingenix offers database and data management services, software products, publications, consulting services, outsourced services and pharmaceutical services on a nationwide and international basis. Ingenix is engaged in the simplification of health care administration by providing products and services that help customers correctly and efficiently document, code and bill for reimbursement for the delivery of care services. Ingenix is a leader in clinical research, health education services, publications, and pharmacoeconomics, outcomes, safety and epidemiology research through its i3 Research and i3 Magnifi businesses.

### **Point Acquisition LLC**

UnitedHealth Group Center

9900 Bren Road East

Minnetonka, Minnesota 55343

(952) 936-1300

Point Acquisition is a limited liability company organized under the laws of the State of Delaware and a wholly owned subsidiary of UnitedHealth Group formed by UnitedHealth Group on June 30, 2005 for the sole purpose of effecting the merger. This is the only business of Point Acquisition.

### **Reasons for the Merger (see page 52)**

The proposed merger will create opportunities for broader customer access to a stronger and more diverse network of doctors and other care providers; enhanced and expanded affordable health care services that address the needs of older Americans including those under new Medicare programs, and provide seniors consistent quality of care and service across the country; the application of more consumer-orientated offerings and service capabilities that align with the rapidly developing confluence of health and financial services; and quality enhancements and efficiency gains for hospitals, physicians and other health professionals. To review the reasons for the merger in greater detail, see the sections entitled "The Merger - UnitedHealth Group's Reasons for the Merger" and "The Merger - PacifiCare's Reasons for the Merger" beginning on pages 52 and 54 respectively in this proxy statement/prospectus.

### **Structure of the Transaction (see page 99)**

PacifiCare will merge with and into Point Acquisition under the terms of the merger agreement that are described in this proxy statement/prospectus. Pursuant to the merger agreement, Point Acquisition will be the surviving entity and will continue as a wholly owned subsidiary of UnitedHealth Group, and will succeed to and assume all the rights and obligations of PacifiCare. Holders of PacifiCare common stock (other than holders perfecting appraisal rights, see the section entitled "Appraisal Rights for PacifiCare Stockholders" beginning on page 96 of this proxy statement/prospectus, and treasury shares) will receive 1.1 shares of UnitedHealth Group common stock and \$21.50 in cash for each share of PacifiCare common stock they own. Stockholders will receive cash for any fractional shares that they would otherwise receive in the merger.

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Each currently outstanding option to purchase PacifiCare common stock (whether or not then vested) which remains outstanding immediately prior to consummation of the merger will become fully vested upon consummation of the merger, will be assumed by UnitedHealth Group, on generally the same terms and conditions as the original PacifiCare option, and each option will be converted into a similar award for shares of UnitedHealth Group common stock as described below. The number of UnitedHealth Group stock options to be received in respect of PacifiCare stock options will be determined by multiplying the number of PacifiCare stock options outstanding immediately prior to the merger by the option exchange ratio and the per share exercise price of such options will be determined by dividing the per share exercise price applicable to the PacifiCare stock

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option immediately prior to the merger by the option exchange ratio. The option exchange ratio is equal to the exchange ratio of the UnitedHealth Group common stock issued as part of the merger consideration plus the fraction obtained by dividing the cash portion of the merger consideration by the per share closing trading price of UnitedHealth Group common stock on the trading day immediately preceding the closing date of the merger. All currently outstanding shares of PacifiCare common stock issued under PacifiCare compensation plans that are subject to forfeiture risk will fully vest as of the consummation of the merger and, in full settlement thereof (net of applicable tax withholding in accordance with the practices of PacifiCare), be converted into the right to receive the merger consideration. In addition, currently outstanding restricted stock units and deferred stock units will become fully vested as of the completion of the merger and, in full settlement thereof (net of applicable tax withholding in accordance with the practices of PacifiCare), will become immediately distributable in the form of the merger consideration. See the section entitled "The Merger Interests of Certain Persons in the Merger Equity-Based Awards" beginning on page 86 of this proxy statement/prospectus.

The Merger Agreement grants UnitedHealth Group the right to request that the merger be effected by converting Point Acquisition into a Delaware corporation and merging it with and into PacifiCare. However, this right can only be exercised if such alternate structure still allows for the delivery of legal opinions to the effect that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and the alternate structure will not (i) result in any change in the merger consideration, (ii) be materially adverse to the interests of UnitedHealth Group, PacifiCare, Point Acquisition or the respective stockholders of UnitedHealth Group or PacifiCare or (iii) unreasonably impede or delay completion of the merger.

The merger agreement is attached to this proxy statement/prospectus as Annex A. Stockholders of PacifiCare are encouraged to carefully read the merger agreement in its entirety as it is the legal document that governs the merger.

### **The Special Meeting of PacifiCare Stockholders (see page 42)**

The special meeting will be held on Thursday, November 17, 2005, at 10:00 a.m., local time, at the Residence Inn by Marriott, 4931 Katella Avenue, Los Alamitos, California 90720.

The purpose of the special meeting is to (1) consider and vote upon a proposal to adopt the merger agreement, (2) consider and vote upon a proposal to authorize the proxyholders to vote to adjourn or postpone the special meeting, in their sole discretion, for the purpose of soliciting additional votes for the adoption of the merger agreement and (3) transact such other business as may properly come before the special meeting or any postponements or adjournments of the special meeting. Adoption of the merger agreement will also constitute approval of the merger and the other transactions contemplated by the merger agreement.

PacifiCare's board of directors has fixed the close of business on October 11, 2005 as the record date for determination of PacifiCare stockholders entitled to notice of and to vote at the special meeting. As of the close of business on October 11, 2005, there were 87,841,000 shares of PacifiCare common stock outstanding, which were held of record by approximately 900 stockholders. A majority of these shares, present in person or represented by proxy, will constitute a quorum for the transaction of business. If a quorum is not present, it is expected that the special meeting will be adjourned or postponed to solicit additional proxies. Each PacifiCare stockholder is entitled to one vote for each share of PacifiCare common stock held as of the record date.

Adoption of the merger agreement by PacifiCare's stockholders is required by Delaware law. Such adoption requires the affirmative vote of the holders of a majority of the shares of PacifiCare common stock outstanding on the record date and entitled to vote at the special meeting. Authorizing the proxyholders to vote to adjourn or postpone the special meeting for the purpose of soliciting additional votes for the adoption of

the merger agreement will require the affirmative vote of PacifiCare stockholders representing a majority of the shares of



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PacifiCare common stock present and entitled to vote at the special meeting. As of the record date, PacifiCare's directors, executive officers and their affiliates held approximately 5% of the shares entitled to vote at the special meeting.

### **UnitedHealth Group Shareholder Approval**

UnitedHealth Group shareholders are not required to approve the issuance of the shares of UnitedHealth Group common stock as part of the merger consideration.

### **Recommendation of PacifiCare's Board of Directors (see page 58)**

After careful consideration, PacifiCare's board of directors has unanimously approved and adopted the merger agreement and determined that the merger is advisable, fair to and in the best interests of, PacifiCare and its stockholders and unanimously recommends that PacifiCare stockholders vote **FOR** adoption of the merger agreement.

### **Fairness Opinions of MTS Health Partners, L.P. and Morgan Stanley & Co. Incorporated (see page 58)**

In connection with the merger, each of MTS Health Partners, L.P. and Morgan Stanley & Co. Incorporated, delivered a written opinion to PacifiCare's board of directors to the effect that, as of July 6, 2005, and based upon and subject to the respective factors, assumptions and limitations set forth in each opinion, the merger consideration to be received by the holders of the outstanding shares of PacifiCare common stock pursuant to the merger agreement was fair from a financial point of view to those holders.

The full text of the written opinions of each of MTS and Morgan Stanley each dated July 6, 2005, which each set forth the respective assumptions made, procedures followed, matters considered, and limitations on the review undertaken in connection with each opinion, are attached as Annexes B and C, respectively. We encourage you to read each of these opinions carefully in their entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the reviews undertaken. Each of MTS and Morgan Stanley provided its opinion for the information and assistance of PacifiCare's board of directors in connection with its consideration of the merger. Each of MTS and Morgan Stanley's opinion is directed to the PacifiCare board of directors and does not constitute a recommendation as to how any holder of PacifiCare common stock should vote with respect to the merger. PacifiCare's stockholders are urged to read each of the opinions in its entirety.

### **Interests of Certain Persons in the Merger (see page 83)**

When considering the recommendation of its board of directors with respect to the merger agreement, PacifiCare stockholders should be aware that PacifiCare's directors and executive officers, as individuals, have interests in the merger that are in addition to, or different from, the interests of PacifiCare stockholders generally. Messrs. Phanstiel, Bowlus, Scott and Konowiecki and Ms. Kosecoff and certain other executive officers have entered into employment agreements with UnitedHealth Group that become effective upon completion of the merger and which will become void if the merger is not completed. These agreements provide for an initial term of one or two years and generally provide that each

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executive officer will receive a signing bonus in the form of restricted stock or cash. The employment agreements also provide for an initial grant of UnitedHealth Group restricted stock upon completion of the merger. In addition, the completion of the merger will generally result in the accelerated vesting of stock options that have been granted under PacifiCare's equity compensation plans to employees, executive officers and directors. Restricted stock, restricted stock units and deferred stock units held by PacifiCare's executive officers and directors under PacifiCare's compensation plans generally will also vest and in full settlement thereof (net of applicable tax withholding in accordance with the practices of PacifiCare), become distributable as a result of the merger, in the form of merger consideration.

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UnitedHealth Group has agreed in the merger agreement to continue the PacifiCare supplemental executive retirement plan for at least one year following the effective date of the merger, and to provide continued compensation and benefits following the completion of the merger that are no less favorable than those provided pursuant to PacifiCare's plans and policies prior to the merger or those provided by UnitedHealth Group to its similarly situated employees in the discretion of UnitedHealth Group. UnitedHealth Group also agreed in the merger agreement to indemnify, exculpate and provide liability insurance to PacifiCare's officers, directors and certain employees.

The PacifiCare board of directors was aware of these arrangements and considered them in its decision to approve and adopt the merger agreement.

## **Risk Factors (see page 32)**

In evaluating the merger and the merger agreement and before deciding how to vote your shares of PacifiCare common stock at the special meeting, you should read this proxy statement/prospectus carefully and especially consider certain factors, risks and uncertainties discussed in the section entitled "Risk Factors" beginning on page 32 of this proxy statement/prospectus.

## **Conditions to the Merger (see page 109)**

Each party's obligation to complete the merger are subject to the prior satisfaction or waiver of each of the conditions specified in the merger agreement, including the following conditions that must be satisfied or waived, to the extent permitted by law or stock exchange rule, before the completion of the merger:

the merger agreement and the merger must be adopted by the holders of a majority of the outstanding shares of PacifiCare common stock as of the record date;

the shares of UnitedHealth Group common stock issuable to PacifiCare stockholders must be approved for listing, subject to official notice of issuance, on the New York Stock Exchange;

the waiting period (and any extension thereof) applicable to the merger pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, referred to as the HSR Act, or any other applicable competition, merger, antitrust or similar law must have expired or been terminated or any clearance or approval required under such laws has been granted;

there must be no temporary restraining order, preliminary or permanent injunction or other order or decree issued by any court of competent jurisdiction or other statute, law, rule, legal restraint or prohibition in effect preventing the completion of the merger;

the registration statement, of which this proxy statement/prospectus is a part, must be effective under the Securities Act of 1933, as amended, and must not be the subject of any stop order or proceedings seeking a stop order;

specified regulatory consents and approvals must have been obtained and be in full force and effect;

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the representations and warranties of the other party set forth in the merger agreement must be true and correct (without giving effect to materiality qualifiers) as of the date of the merger agreement and as of the date the merger is to be completed (except to the extent that such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except where such failure to be true and correct individually or in the aggregate would not reasonably be expected to have a material adverse effect on the representing party, except the representations and warranties relating to PacifiCare's capital stock (subject to de minimis exceptions) and absence of certain changes or events with respect to UnitedHealth Group or PacifiCare, as the case may be, which must be true in all respects;

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the other party to the merger agreement must have performed in all material respects all of its obligations under the merger agreement; and

each party must have received an opinion of its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

The obligations of UnitedHealth Group and Point Acquisition to complete the merger are further subject to the satisfaction or waiver, to the extent permitted by law or stock exchange rule, of each of the following conditions specified in the merger agreement:

there shall not be pending any suit, action or proceeding by any federal or state governmental entity (1) challenging the acquisition or seeking to place limitations on the acquisition and ownership of shares of PacifiCare by UnitedHealth Group or Point Acquisition or to restrain or prohibit the completion of the merger, which suit, action or proceeding UnitedHealth Group determines, in its reasonable discretion, has a reasonable possibility of being decided in favor of such governmental entity or could reasonably be expected to result in material damages or material harm to PacifiCare or UnitedHealth Group, (2) seeking to (i) prohibit or limit the ownership or operation of PacifiCare by UnitedHealth Group or Point Acquisition, (ii) compel the disposal of any business or assets as result of the merger, or (iii) impose any obligations on the operation of the businesses of UnitedHealth Group, PacifiCare or Point Acquisition, or (3) seeking to obtain damages, payments or legally binding assurances, which suit, action or proceeding in the case of (2) or (3) would reasonably be likely to have, individually or in the aggregate, a Negative Regulatory Action as defined in the section entitled *The Merger Agreement Reasonable Best Efforts* beginning on page 107 of this proxy statement/prospectus;

there must be no legal restraint in effect which would reasonably be expected to result in any of the effects set forth in (1) through (3) of the preceding bullet point; and

specified regulatory consents and approvals must have been obtained and be in full force and effect without conditions, restrictions, limitations, qualifications or requirements which would be reasonably likely to constitute individually or in the aggregate a Negative Regulatory Action as defined in the section entitled *The Merger Agreement Reasonable Best Efforts* beginning on page 107 of this proxy statement/prospectus.

Under applicable law and stock exchange rules, the parties are able to waive closing conditions with respect to pending litigation, representations and warranties, and the performance of agreements and covenants. However, the merger agreement provides that neither party can waive the condition regarding the receipt of the opinion of its tax counsel following the adoption of the merger agreement by PacifiCare stockholders unless further stockholder approval is obtained with appropriate disclosure.

Neither UnitedHealth Group nor PacifiCare can assure you that all of the conditions to the merger will be either satisfied or waived or that the merger will occur.

### **Termination of the Merger Agreement (see page 110)**

Even if the PacifiCare stockholders approve the merger agreement, the merger agreement may be terminated by mutual consent, or by either UnitedHealth Group or PacifiCare, at any time before the completion of the merger under specified circumstances, including:

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if the merger is not completed, through no fault of the terminating party, by (i) May 5, 2006 or (ii) August 7, 2006, in the event that either party elects on or prior to May 5, 2006, to extend the termination date and on May 5, 2006, all conditions other than those relating to the absence of governmental litigation and governmental consents are satisfied or are capable of being satisfied;

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if any legal restraint having the effect of permanently restraining, enjoining or otherwise prohibiting the merger, shall be in effect and shall have become final and nonappealable;

if the PacifiCare stockholders do not adopt the merger agreement at the special meeting; or

if the other party has breached any of its representations and warranties or failed to perform any of its covenants and the breach or failure to perform would give rise to the failure of specified closing conditions relating to the accuracy of such party's representations or compliance by such party with its covenants and such failure or breach is not cured or curable within 30 days following receipt of written notice of such breach or failure.

In addition, the merger agreement may be terminated by UnitedHealth Group within 45 days of the date on which the PacifiCare board of directors:

withdraws (or modifies in a manner adverse to UnitedHealth Group) its recommendation of the merger or the merger agreement, or approves or recommends a takeover proposal (as defined in the section entitled "The Merger Agreement - No Solicitation of Transactions" beginning on page 106 of this proxy statement/prospectus) or

fails to publicly confirm its recommendation of the merger agreement and the merger within ten business days (or three business days if such request is initially received within ten business days of the special meeting) after a written request by UnitedHealth Group that it do so.

**Payment of Termination Fee (see page 111)**

PacifiCare has agreed to pay UnitedHealth Group a termination fee of \$243.6 million if the merger agreement is terminated under specified circumstances.

**No Solicitation of Transactions Involving PacifiCare (see page 106)**

The merger agreement contains restrictions on the ability of PacifiCare to solicit or engage in discussions or negotiations with a third party with respect to a proposal to acquire a significant interest of PacifiCare equity or assets. Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances, if PacifiCare receives an unsolicited proposal from a third party to acquire a significant interest in PacifiCare that the PacifiCare board of directors determines in good faith is or is reasonably likely to be a proposal that is superior to the merger, PacifiCare may furnish nonpublic information to that third party and engage in negotiations regarding a takeover proposal with that third party.

**Material U.S. Federal Income Tax Consequences of the Merger (see page 91)**

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The completion of the merger is conditioned on the receipt by PacifiCare and UnitedHealth Group of tax opinions from their respective counsel dated as of the date of the merger to the effect that the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. PacifiCare's and UnitedHealth Group's conditions relating to these tax opinions are not waivable following the adoption of the merger agreement by PacifiCare stockholders without reapproval by PacifiCare stockholders (with appropriate disclosure), and neither PacifiCare nor UnitedHealth Group intends to waive this condition. Assuming the merger so qualifies as a reorganization, which PacifiCare and UnitedHealth Group anticipate, a PacifiCare stockholder generally will, for U.S. federal income tax purposes, recognize gain, but not loss, equal to the lesser of (1) the excess, if any, of the fair market value of the UnitedHealth Group common stock and the amount of cash received by the stockholder over that stockholder's adjusted tax basis in the PacifiCare common stock exchanged in the merger or (2) the amount of cash received by the stockholder in the merger. This treatment may not apply to all stockholders. For further information concerning U.S. federal income tax consequences of the merger, please see the section entitled "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 91 of this proxy statement/prospectus.



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**Tax matters are very complicated and the consequences of the merger to any particular PacifiCare stockholder will depend on that stockholder's particular facts and circumstances. PacifiCare stockholders are urged to consult their own tax advisors to determine their own tax consequences from the merger.**

### **Regulatory Matters (see page 90)**

The merger is subject to U.S. antitrust laws. Under the HSR Act, each of UnitedHealth Group and PacifiCare must file Hart-Scott Rodino notification and report forms with the Antitrust Division of the DOJ, and the U.S. Federal Trade Commission, referred to as the FTC, and certain waiting periods must be terminated or expire, before the merger can be completed. The applicable waiting period will begin on the date of filing by both parties and will expire 30 days thereafter (or on the next regular business day if the 30th day falls on a Saturday, Sunday or legal public holiday), unless the waiting period is earlier terminated or extended by a request for additional information. In addition, certain state attorneys general may review the proposed transaction to determine if there are potential antitrust issues arising therefrom. In that connection, the Office of the Attorney General of the State of Texas has issued a Civil Investigative Demand, referred to as a CID, to UnitedHealth Group and PacifiCare as part of its review of the merger. The DOJ or the FTC, as well as a State Attorney General or private person, may challenge the merger at any time before or after its completion.

In addition, California's Department of Managed Health Care and the Departments of Insurance of the States of Arizona, California, Colorado, Indiana, Nevada, Oklahoma, Oregon, Texas, Washington and Wisconsin, collectively the Principal States, must approve UnitedHealth Group's acquisition of control of PacifiCare and certain PacifiCare subsidiaries. UnitedHealth Group, or the applicable PacifiCare subsidiary, as the case may be, has filed applications for acquisition of control as required by law, in the Principal States. Under Wisconsin law, approval of the merger by the Wisconsin Office of the Commissioner of Insurance must be obtained before the merger may be submitted to PacifiCare's stockholders for approval. A public hearing has been scheduled by the Wisconsin Office of the Commissioner of Insurance for November 8, 2005. If the approval of the Wisconsin Office of the Commissioner of Insurance is not obtained prior to November 17, 2005, the special meeting may be adjourned to a later date as necessary to comply with Wisconsin law. Of the states that must approve the acquisition of control of PacifiCare and certain PacifiCare subsidiaries, Wisconsin is the only state that requires that its approval must be obtained before the merger may be submitted to PacifiCare's stockholders for approval. For more information about regulatory approvals that UnitedHealth Group and PacifiCare must obtain in order to complete the merger, see the section entitled "The Merger Regulatory Matters" beginning on page 90 of this proxy statement/prospectus.

While UnitedHealth Group and PacifiCare expect to obtain all required regulatory approvals, we cannot assure you that these regulatory approvals will be obtained or that the granting of these regulatory approvals will not involve the imposition of conditions on the completion of the merger. Such conditions or changes could result in the conditions to the merger not being satisfied or could adversely affect UnitedHealth Group's ability to integrate the business of PacifiCare or reduce the anticipated benefits of the merger.

### **Agreement to Obtain Clearance from Regulatory Authorities (see page 107)**

UnitedHealth Group and PacifiCare have agreed to use their reasonable best efforts to take all actions necessary, proper or advisable to complete the merger as expeditiously as practicable, including, among other things, obtaining all necessary consents and approvals and avoiding impediments under any laws that may be asserted by any governmental authority. However, UnitedHealth Group is not obligated to take any action if it would result in, or would be reasonably likely to result in, a Negative Regulatory Action as defined and discussed in the section entitled, "The Merger Agreement Reasonable Best Efforts," beginning on page 107 of this proxy statement/prospectus.

### **Restrictions on the Ability to Sell UnitedHealth Group Common Stock (see page 95)**

All shares of UnitedHealth Group common stock you receive in connection with the merger will be freely transferable unless you are considered an affiliate of either PacifiCare or UnitedHealth Group for the purposes

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of the Securities Act at the time the merger agreement is submitted to PacifiCare stockholders for adoption, in which case you will be permitted to sell the shares of UnitedHealth Group common stock you receive in the merger only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. This proxy statement/prospectus does not register the resale of stock held by affiliates.

### **Dissenters or Appraisal Rights (see page 96)**

Under Delaware law, you are entitled to appraisal rights in connection with the merger.

You will have the right under Delaware law to have the fair value of your shares of PacifiCare common stock determined by the Delaware Chancery Court. This value could be more than, less than or the same as the merger consideration for the PacifiCare common stock. This right to appraisal is subject to a number of restrictions and technical requirements. Generally, in order to exercise your appraisal rights you must:

send a written demand to PacifiCare for appraisal in compliance with Delaware law before the vote on the merger;

not vote in favor of the merger; and

continuously hold your PacifiCare common stock, from the date you make the demand for appraisal through the closing of the merger.

Merely voting against the merger will not protect your rights to an appraisal, which requires all the steps provided under Delaware law. Requirements under Delaware law for exercising appraisal rights are described in further detail in the section entitled *Appraisal Rights for PacifiCare Stockholders* beginning on page 96 of this proxy statement/prospectus. The relevant section of Delaware law regarding appraisal rights is reproduced and attached as Annex D to this proxy statement/prospectus. We encourage you to read these provisions carefully and in their entirety.

**IF YOU VOTE FOR THE MERGER, YOU WILL WAIVE YOUR RIGHTS TO SEEK APPRAISAL OF YOUR SHARES OF PACIFICARE COMMON STOCK UNDER DELAWARE LAW.**

### **Surrender of Stock Certificates (see page 100)**

Following the effective time of the merger, UnitedHealth Group will cause a letter of transmittal to be mailed to all holders of PacifiCare common stock containing instructions for surrendering their certificates. Certificates should not be surrendered until the letter of transmittal is received, fully completed and returned as instructed in the letter of transmittal.

### **Certain Effects of the Merger (see page 115)**

Upon completion of the merger, PacifiCare stockholders will become shareholders of UnitedHealth Group. The internal affairs of UnitedHealth Group are governed by the Minnesota Business Corporation Act and UnitedHealth Group's articles of incorporation and bylaws. The internal affairs of PacifiCare are governed by the Delaware General Corporation Law and PacifiCare's certificate of incorporation and bylaws. Due to differences between the governing documents and governing state laws of UnitedHealth Group and PacifiCare, the merger will result in PacifiCare stockholders having different rights once they become UnitedHealth Group shareholders, which rights are summarized in the section entitled "Comparison of Rights of Shareholders of UnitedHealth Group and Stockholders of PacifiCare" beginning on page 115 of this proxy statement/prospectus.

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**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA**  
**OF UNITEDHEALTH GROUP INCORPORATED**

The following table summarizes selected historical consolidated financial data of UnitedHealth Group which should be read in conjunction with the consolidated financial statements of UnitedHealth Group, and the notes thereto, included as part of UnitedHealth Group's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 incorporated by reference into this proxy statement/prospectus. The financial data for the five years ended December 31, 2004 has been derived from the audited consolidated financial statements of UnitedHealth Group. The financial data as of and for the six months ended June 30, 2005 and 2004 has been derived from the unaudited condensed consolidated financial statements of UnitedHealth Group included as part of UnitedHealth Group's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 incorporated by reference into this proxy statement/prospectus. In the opinion of UnitedHealth Group's management, all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial data for the six months ended June 30, 2005 and 2004 have been reflected therein. Operating results for the six months ended June 30, 2005 are not necessarily indicative of the results that may be expected for the full year. A two-for-one split of UnitedHealth Group's common stock was effective as of May 27, 2005. All per share calculations reflect the two-for-one common stock split.

(In millions, except per share data)	For the Six Months Ended June 30, (unaudited)		For the Year Ended December 31,				
	2005	2004 <sup>(1)</sup>	2004 <sup>(1)</sup>	2003	2002	2001	2000
<b>Consolidated Operating Results:</b>							
Revenues	\$ 21,998	\$ 16,848	\$ 37,218	\$ 28,823	\$ 25,020	\$ 23,454	\$ 21,122
Earnings From Operations	\$ 2,566	\$ 1,821	\$ 4,101	\$ 2,935	\$ 2,186	\$ 1,566	\$ 1,200
Net Earnings	\$ 1,588	\$ 1,150	\$ 2,587	\$ 1,825	\$ 1,352	\$ 913	\$ 736
Return on Shareholders' Equity (annualized)	30.0%	35.4%	31.4%	39.0%	33.0%	24.5%	19.8%
Basic Net Earnings Per Common Share	\$ 1.25	\$ 0.95	\$ 2.07	\$ 1.55	\$ 1.12	\$ 0.73	\$ 0.57
Diluted Net Earnings Per Common Share	\$ 1.19	\$ 0.91	\$ 1.97	\$ 1.48	\$ 1.06	\$ 0.70	\$ 0.55
<b>Consolidated Financial Condition:</b>							
(As of period end):							
Cash and Investments	\$ 12,773	\$ 10,193	\$ 12,253	\$ 9,477	\$ 6,329	\$ 5,698	\$ 5,053
Total Assets	\$ 28,521	\$ 20,883	\$ 27,879	\$ 17,634	\$ 14,164	\$ 12,486	\$ 11,053
Debt	\$ 4,250	\$ 2,400	\$ 4,023	\$ 1,979	\$ 1,761	\$ 1,584	\$ 1,209
Shareholders' Equity	\$ 10,529	\$ 7,118	\$ 10,717	\$ 5,128	\$ 4,428	\$ 3,891	\$ 3,688
Debt-to-Total-Capital Ratio	28.8%	25.2%	27.3%	27.8%	28.5%	28.9%	24.7%
<b>Other Data:</b>							
Consolidated Cash Flows From (Used For):							
Operating Activities	\$ 2,497	\$ 1,927	\$ 4,135	\$ 3,003	\$ 2,423	\$ 1,844	\$ 1,521
Investing Activities	\$ (808)	\$ (449)	\$ (1,644)	\$ (745)	\$ (1,391)	\$ (1,138)	\$ (968)
Financing Activities	\$ (1,638)	\$ (640)	\$ (762)	\$ (1,126)	\$ (1,442)	\$ (585)	\$ (739)
Common Stock Dividends Per Share (annualized)	\$ 0.015	\$ 0.015	\$ 0.015	\$ 0.008	\$ 0.008	\$ 0.008	\$ 0.004

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- (1) UnitedHealth Group acquired Oxford Health Plans, Inc. in July 2004 and Mid Atlantic Medical Services, Inc., referred to as MAMSI, in February 2004. The results of operations and financial condition of Oxford and MAMSI have been included in UnitedHealth Group's consolidated financial statements since the respective acquisition dates.

**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF PACIFICARE**

The following table summarizes selected historical consolidated financial data of PacifiCare which should be read in conjunction with the consolidated financial statements of PacifiCare, and the notes thereto, included as part of PacifiCare's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 incorporated by reference into this proxy statement/prospectus. The financial data for the five years ended December 31, 2004 has been derived from the audited consolidated financial statements of PacifiCare. The financial data as of and for the six months ended June 30, 2005 and 2004 has been derived from the unaudited condensed consolidated financial statements of PacifiCare included as part of PacifiCare's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 incorporated by reference into this proxy statement/prospectus. In the opinion of PacifiCare's management, all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial data for the six months ended June 30, 2005 and 2004 have been reflected therein. Operating results for the six months ended June 30, 2005 are not necessarily indicative of the results that may be expected for the full year. On January 20, 2004, PacifiCare effected a two-for-one stock split in the form of a stock dividend of one share of common stock for every share of common stock outstanding to stockholders of record as of the close of business on January 7, 2004. All per share calculations reflect the two-for-one common stock split.

	For the Six Months						
	Ended June 30, (unaudited)		For the Year Ended December 31,				
	2005 <sup>(1)(2)</sup>	2004	2004 <sup>(1)</sup>	2003	2002 <sup>(3)(4)</sup>	2001 <sup>(5)(7)</sup>	2000 <sup>(6)(7)</sup>
<b>(In millions, except per share data)</b>							
<b>Consolidated Operating Results:</b>							
Revenues	\$ 7,017	\$ 6,012	\$ 12,277	\$ 11,009	\$ 11,157	\$ 11,844	\$ 11,576
Earnings From Operations	\$ 326	\$ 256	\$ 542	\$ 490	\$ 297	\$ 127	\$ 367
Net Earnings (Loss)	\$ 178	\$ 143	\$ 303	\$ 243	\$ (758)	\$ 19	\$ 161
Return on Shareholders' Equity (annualized)	15.5%	14.7%	15.0%	15.8%	(53.8%)	0.9%	8.1%
Basic Net Earnings Per Common Share	\$ 2.07	\$ 1.69	\$ 3.60	\$ 3.26	\$ (10.75)	\$ 0.28	\$ 2.29
Diluted Net Earnings Per Common Share	\$ 1.85	\$ 1.51	\$ 3.20	\$ 2.89	\$ (10.75)	\$ 0.27	\$ 2.29
<b>Consolidated Financial Condition:</b>							
<b>(As of period end):</b>							
Cash and Investments	\$ 2,926	\$ 2,456	\$ 2,901	\$ 2,725	\$ 2,333	\$ 2,152	\$ 2,210
Total Assets	\$ 5,428	\$ 4,371	\$ 5,227	\$ 4,619	\$ 4,251	\$ 5,096	\$ 5,323
Debt	\$ 1,062	\$ 615	\$ 1,089	\$ 620	\$ 839	\$ 794	\$ 837
Shareholders' Equity	\$ 2,406	\$ 2,001	\$ 2,188	\$ 1,852	\$ 1,328	\$ 2,034	\$ 2,004
Debt-to-Total-Capital Ratio	30.6%	23.5%	33.2%	25.1%	38.7%	28.1%	29.5%
<b>Other Data:</b>							
<b>Consolidated Cash Flows From (Used For):</b>							
Operating Activities	\$ 142	\$ (193)	\$ 28	\$ 414	\$ 242	\$ 39	\$ 631
Investing Activities	\$ (274)	\$ (111)	\$ (810)	\$ (202)	\$ (278)	\$ (261)	\$ 72
Financing Activities	\$ (22)	\$ (14)	\$ 408	\$ 34	\$ 10	\$ (52)	\$ (301)
<b>Common Stock Dividends Per Share (annualized)</b>							

- 
- (1) The year ended December 31, 2004 and the six months ended June 30, 2005 results of operations reflect the results of American Medical Security Group since the acquisition date of December 13, 2004.
  - (2) The 2005 results of operations reflect the results of Pacific Life Insurance Company since the acquisition date of April 27, 2005.



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- (3) The 2002 results include impairment, disposition, restructuring, Office of Personnel Management, or OPM, and other net pretax charges totaling \$3.8 million (\$2.4 million or \$0.03 diluted loss per share, net of tax).
- (4) The 2002 results include a cumulative effect of a change in accounting principle in connection with the goodwill impairment charge recognized upon the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, totaling \$929 million (\$897 million or \$12.73 diluted loss per share, net of tax).
- (5) The 2001 results include impairment, disposition, restructuring, OPM and other net pretax charges totaling \$61 million (\$39 million or \$0.56 diluted loss per share, net of tax).
- (6) The 2000 results include impairment, disposition, restructuring, OPM and other net pretax charges totaling \$9 million (\$5 million or \$0.07 diluted loss per share, net of tax).
- (7) In 2001 and 2000, the effective income tax rate included the effect of nondeductible pretax charges, primarily goodwill amortization.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

On July 6, 2005, UnitedHealth Group and PacifiCare entered into the merger agreement, pursuant to which PacifiCare will be merged with and into a subsidiary of UnitedHealth Group, with the subsidiary being the surviving entity. Under the terms of the agreement, holders of PacifiCare common stock will receive 1.1 shares of UnitedHealth Group common stock and \$21.50 in cash for each share of PacifiCare common stock they own. Total estimated merger consideration for the transaction of approximately \$8.2 billion, to be issued upon closing, is comprised of approximately 105.6 million shares of UnitedHealth Group common stock, valued at approximately \$5.6 billion based upon the average of the closing prices of UnitedHealth Group common stock for two trading days before, the day of, and two trading days following the acquisition announcement of July 6, 2005, approximately \$2.1 billion in cash, and UnitedHealth Group vested common stock options with an estimated fair value of approximately \$450 million to be issued in exchange for PacifiCare's outstanding vested common stock options.

On July 29, 2004, UnitedHealth Group acquired Oxford. Under the terms of the merger agreement, Oxford shareholders received 1.2714 shares of UnitedHealth Group common stock and \$16.17 in cash for each share of Oxford common stock they owned. Total consideration issued was approximately \$5.0 billion, comprised of approximately 104.4 million shares of UnitedHealth Group common stock, valued at approximately \$3.4 billion based upon the average of the closing prices of UnitedHealth Group common stock for two trading days before, the day of, and two trading days following the acquisition announcement date of April 26, 2004, approximately \$1.3 billion in cash, and UnitedHealth Group vested common stock options with an estimated fair value of \$240 million issued in exchange for Oxford's outstanding vested common stock options. The results of operations and financial condition of Oxford have been included in the UnitedHealth Group historical financial statements since the July 29, 2004 acquisition date.

On February 10, 2004, UnitedHealth Group acquired MAMSI. Under the terms of the merger agreement, MAMSI stockholders received 1.64 shares of UnitedHealth Group common stock and \$18 in cash for each share of MAMSI common stock they owned. Total consideration issued was approximately \$2.7 billion, comprised of approximately 72.8 million shares of UnitedHealth Group common stock, valued at approximately \$1.9 billion based upon the average of the closing prices of UnitedHealth Group common stock for two trading days before, the day of, and two trading days following the acquisition announcement date of October 27, 2003, and approximately \$800 million in cash. The results of operations and financial condition of MAMSI have been included in the UnitedHealth Group historical financial statements since the February 10, 2004 acquisition date.

The unaudited pro forma condensed combined financial information gives effect to the acquisitions of PacifiCare, Oxford and MAMSI by UnitedHealth Group as if the acquisitions had occurred on January 1, 2004 for purposes of the pro forma condensed combined statements of operations. The unaudited pro forma condensed combined financial information gives effect to the acquisition of PacifiCare by UnitedHealth Group as if the acquisition had occurred on June 30, 2005 for purposes of the pro forma condensed combined balance sheet as of June 30, 2005.

Under the purchase method of accounting, the total estimated purchase price is allocated to the net tangible and intangible assets of an acquired entity based on their estimated fair values as of the completion of the transaction. A final determination of these fair values will include management's consideration of a valuation prepared by an independent valuation specialist. This valuation will be based on the actual net tangible and intangible assets of the acquired entity that exist as of the closing date of the transaction.

Because this unaudited pro forma condensed combined financial information has been prepared based on preliminary estimates of fair values, the actual amounts recorded as of the completion of the transaction may differ materially from the information presented in this unaudited pro forma condensed combined financial information. In addition to the independent valuation, the impact of any integration activities, the timing of



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completion of the transaction and other changes in PacifiCare's net tangible and intangible assets that occur prior to completion of the transaction could cause material differences from the information presented below. Potential synergies which may result from the integration of physician, hospital and other health care provider networks and operating and administrative activities have been excluded from the pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information should be read in conjunction with the historical consolidated financial statements and accompanying notes of UnitedHealth Group and PacifiCare, incorporated by reference into this proxy statement/prospectus, and the summary historical consolidated financial data included elsewhere in this proxy statement/prospectus. All share and per share amounts have been restated to reflect the UnitedHealth Group two-for-one common stock split that was effective on May 27, 2005. The unaudited pro forma condensed combined financial information is not intended to represent or be indicative of the consolidated results of operations or financial condition of UnitedHealth Group that would have been reported had the transactions been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial condition of UnitedHealth Group.

**Table of Contents****Pro Forma Condensed Combined Statement of Operations**

Six Months Ended June 30, 2005

(Unaudited)

(In millions, except per share amounts)

	Historical		(y) Reclassification Adjustments	Pro Forma Adjustments	Pro Forma Combined
	(b)(c) UnitedHealth Group	(bb) PacifiCare			
<b>Revenues</b>					
Premiums	\$ 19,933	\$ 6,688	\$	\$	\$ 26,621
Services	1,822	267			2,089
Investment and Other Income	243	62			305
<b>Total Revenues</b>	<b>21,998</b>	<b>7,017</b>			<b>29,015</b>
<b>Medical and Operating Costs</b>					
Medical Costs	15,963	5,766	(139) <sup>(aa)</sup>		21,590
Operating Costs	3,252	884	139 <sup>(aa)</sup>	(5) <sup>(q)</sup>	4,270
Depreciation and Amortization	217	41		40 <sup>(d)</sup> (11) <sup>(e)</sup>	287
<b>Total Medical and Operating Costs</b>	<b>19,432</b>	<b>6,691</b>		<b>24</b>	<b>26,147</b>
<b>Earnings From Operations</b>	<b>2,566</b>	<b>326</b>		<b>(24)</b>	<b>2,868</b>
Interest Expense	(104)	(36)		36 <sup>(k)</sup> (67) <sup>(j)</sup>	(171)
<b>Earnings Before Income Taxes</b>	<b>2,462</b>	<b>290</b>		<b>(55)</b>	<b>2,697</b>
Provision for Income Taxes	(874)	(112)		19 <sup>(r)</sup>	(967)
<b>Net Earnings</b>	<b>\$ 1,588</b>	<b>\$ 178</b>	<b>\$</b>	<b>\$ (36)</b>	<b>\$ 1,730</b>
Basic Net Earnings Per Common Share	\$ 1.25				\$ 1.26
Diluted Net Earnings Per Common Share	\$ 1.19				\$ 1.20
Basic Weighted-Average Number of Common Shares Outstanding	1,268.0			105.6 <sup>(s)</sup>	1,373.6
Diluted Weighted-Average Number of Common Shares Outstanding	1,331.0			105.6 <sup>(s)</sup>	1,441.7
				5.1 <sup>(t)</sup>	



**Table of Contents****Pro Forma Condensed Combined Statement of Operations**

Year Ended December 31, 2004

(Unaudited)

(In millions, except per share amounts)

	Historical				(y) Reclassification Adjustments	Pro Forma Adjustments	Pro Forma Combined
	(b)(c) UnitedHealth Group	(c) MAMSI January 1 to February 10, 2004	(b) Oxford January 1 to July 29, 2004	(a) PacifiCare January 1 to December 31, 2004			
<b>Revenues</b>							
Premiums	\$ 33,495	\$ 303	\$ 3,208	\$ 11,761	\$ (19)	\$	\$ 48,748
Services	3,335	8	7	427	2		3,779
Investment and Other Income	388	2	50	89		(5) <sup>(n)</sup>	524
<b>Total Revenues</b>	<b>37,218</b>	<b>313</b>	<b>3,265</b>	<b>12,277</b>	<b>(17)</b>	<b>(5)</b>	<b>53,051</b>
<b>Medical and Operating Costs</b>							
Medical Costs	27,000	235	2,591	10,174	(236) <sup>(aa)</sup>		39,764
Operating Costs	5,743	36	322	1,491	219 <sup>(aa)</sup>	(25) <sup>(q)</sup>	7,786
Depreciation and Amortization	374	1	17	70		80 <sup>(d)</sup>	548
						(20) <sup>(e)</sup>	
						24 <sup>(f)</sup>	
						2 <sup>(g)</sup>	
<b>Total Medical and Operating Costs</b>	<b>33,117</b>	<b>272</b>	<b>2,930</b>	<b>11,735</b>	<b>(17)</b>	<b>61</b>	<b>48,098</b>
<b>Earnings From Operations</b>	<b>4,101</b>	<b>41</b>	<b>335</b>	<b>542</b>		<b>(66)</b>	<b>4,953</b>
Interest Expense	(128)		(10)	(48)		48 <sup>(k)</sup>	(282)
						(120) <sup>(j)</sup>	
						(31) <sup>(m)</sup>	
						10 <sup>(n)</sup>	
						(3) <sup>(o)</sup>	
<b>Earnings Before Income Taxes</b>	<b>3,973</b>	<b>41</b>	<b>325</b>	<b>494</b>		<b>(162)</b>	<b>4,671</b>
Provision for Income Taxes	(1,386)	(14)	(125)	(191)		57 <sup>(r)</sup>	(1,659)
<b>Net Earnings</b>	<b>\$ 2,587</b>	<b>\$ 27</b>	<b>\$ 200</b>	<b>\$ 303</b>	<b>\$</b>	<b>\$ (105)</b>	<b>\$ 3,012</b>
Basic Net Earnings Per Common Share	\$ 2.07						\$ 2.11
Diluted Net Earnings Per Common Share	\$ 1.97						\$ 2.02

Basic Weighted-Average Number of Common Shares Outstanding	1,252.0	105.6 <sup>(s)</sup>	1,425.4
		59.8 <sup>(u)</sup>	
		8.0 <sup>(v)</sup>	
Diluted Weighted-Average Number of Common Shares Outstanding	1,311.0	105.6 <sup>(s)</sup>	1,489.5
		5.1 <sup>(t)</sup>	
		59.8 <sup>(u)</sup>	
		8.0 <sup>(v)</sup>	



**Table of Contents****Pro Forma Condensed Combined Balance Sheet**

As of June 30, 2005

(Unaudited)

(In millions)

	Historical		Pro Forma Adjustments	Pro Forma Combined
	(b)(c) UnitedHealth Group	(z) PacifiCare		
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 4,042	\$ 670	\$	\$ 4,712
Short-Term Investments	301	418		719
Accounts Receivable, net	914	406		1,320
Assets Under Management	1,839			1,839
Deferred Income Taxes and Other	964	223		1,187
<b>Total Current Assets</b>	<b>8,060</b>	<b>1,717</b>		<b>9,777</b>
Long-Term Investments	8,430	1,838		10,268
Property, Equipment, Capitalized Software and Other Assets, net	1,290	308		1,598
Goodwill	9,669	1,333	(1,333) <sup>(x)</sup>	16,073
Intangible Assets, net	1,072	232	6,404 <sup>(a)</sup> (232) <sup>(x)</sup> 1,200 <sup>(a)(d)</sup>	2,272
<b>Total Assets</b>	<b>\$ 28,521</b>	<b>\$ 5,428</b>	<b>\$ 6,039</b>	<b>\$ 39,988</b>
<b>Liabilities and Shareholders' Equity</b>				
Current Liabilities				
Medical Costs Payable	\$ 5,909	\$ 1,251	\$	\$ 7,160
Accounts Payable and Accrued Liabilities	2,496	447	30 <sup>(w)</sup>	2,973
Other Policy Liabilities	1,862			1,862
Short-Term Debt and Current Maturities of Long-Term Debt	400	35	(35) <sup>(k)</sup>	400
Unearned Premiums	895	92		987
<b>Total Current Liabilities</b>	<b>11,562</b>	<b>1,825</b>	<b>(5)</b>	<b>13,382</b>
Long-Term Debt, less current maturities	3,850	892	(892) <sup>(k)</sup> 2,990 <sup>(a)(i)</sup>	6,840
Convertible Subordinated Debentures		135	(135) <sup>(a)(l)</sup>	
Future Policy Benefits for Life and Annuity Contracts	1,719			1,719
Deferred Income Taxes and Other Liabilities	861	170	420 <sup>(a)(h)</sup>	1,451
Shareholders' Equity				
Common Stock	13	1	(1) <sup>(x)</sup>	13
Additional Paid-In Capital	1,340	1,650	(1,650) <sup>(x)</sup>	7,407

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			6,067 <sup>(a)(p)</sup>	
Unearned Compensation		(58)	58 <sup>(x)</sup>	
Retained Earnings	9,053	816	(816) <sup>(x)</sup>	9,053
Accumulated Other Comprehensive Income:				
Net Unrealized Gains on Investments, net of tax effects	123	(3)	3 <sup>(x)</sup>	123
	<u>10,529</u>	<u>2,406</u>	<u>3,661</u>	<u>16,596</u>
Total Shareholders' Equity				
Total Liabilities and Shareholders' Equity	\$ 28,521	\$ 5,428	\$ 6,039	\$ 39,988

**Table of Contents****Notes to Unaudited Pro Forma Condensed Combined Financial Information**

- (a) The PacifiCare acquisition was announced on July 6, 2005. The unaudited pro forma financial information gives effect to the expected issuance of UnitedHealth Group common stock and cash based upon the exchange ratio of 1.1 shares of UnitedHealth Group common stock and \$21.50 of cash for each outstanding share of PacifiCare common stock. The average market price per share of UnitedHealth Group common stock of \$53.22 used in determining the fair value of the stock consideration is based upon the average of the closing prices for a range of trading days (July 1, 2005 through July 8, 2005) around the announcement date (July 6, 2005) of the transaction. This results in an estimated purchase price of \$8,160 million (\$5,617 million in stock, \$2,063 million in cash, \$450 million for the estimated fair value of UnitedHealth Group vested stock options issued in exchange for outstanding vested PacifiCare stock options and \$30 million of estimated transaction costs) as follows (in millions, except per share amounts):

<b><u>Stock Consideration</u></b>	
UnitedHealth Group average market price per share	\$ 53.22
Exchange ratio	1.1
	<hr/>
Equivalent per share consideration	\$ 58.54
Outstanding shares of PacifiCare June 30, 2005 (see note 1)	95.96
	<hr/>
Fair value of UnitedHealth Group shares to be issued	\$ 5,617
<b><u>Converted Stock Options</u></b>	
Estimated UnitedHealth Group vested stock options to be issued	11.5
Estimated fair value per stock option to be issued	\$ 39.10
	<hr/>
Estimated fair value of stock options to be issued	450
	<hr/>
Total estimated fair value of equity instruments to be issued	6,067
<b><u>Cash Consideration</u></b>	
Per share cash consideration	\$ 21.50
Outstanding shares of PacifiCare June 30, 2005 (see note 1)	95.96
	<hr/>
Cash to be paid	2,063
Estimated transaction costs	30
	<hr/>
Estimated purchase price	\$ 8,160
	<hr/>

The estimated PacifiCare purchase price of \$8,160 million has been preliminarily allocated to acquired tangible assets and liabilities based upon their estimated fair values as of June 30, 2005. The estimated excess purchase price has been preliminarily allocated as detailed below (in millions):

Estimated purchase price	\$ 8,160
Net tangible assets PacifiCare June 30, 2005 balance sheet	(841)
Conversion of subordinated debentures to PacifiCare common stock (see note 1)	(135)
	<hr/>
Total estimated excess purchase price	7,184
Estimated finite-lived intangibles	(1,200)
Deferred tax liability for finite-lived intangibles	420

Estimated goodwill

\$ 6,404

- (b) The Oxford acquisition closed on July 29, 2004. The pro forma condensed combined balance sheet as of June 30, 2005 includes the effects of the Oxford acquisition in the UnitedHealth Group historical information. The pro forma condensed combined statement of operations for the six months ended June 30,

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2005 includes Oxford's results of operations in the UnitedHealth Group historical information. The pro forma condensed combined statement of operations for the year ended December 31, 2004 includes Oxford's results of operations from July 29, 2004 to December 31, 2004 in the UnitedHealth Group historical information. This acquisition resulted in the issuance of UnitedHealth Group common stock and cash based upon the exchange ratio of 1.2714 shares of UnitedHealth Group common stock and \$16.17 of cash for each outstanding share of Oxford common stock. The average market price per share of UnitedHealth Group common stock of \$32.39 was based upon the average of the closing prices for a range of trading days (April 22, 2004 through April 28, 2004) around the announcement date (April 26, 2004) of the transaction. This resulted in a purchase price of \$4,930 million (\$3,357 million in stock, \$1,318 million in cash, \$240 million for the estimated fair value of UnitedHealth Group vested stock options issued in exchange for outstanding vested Oxford stock options and \$15 million of transaction costs) as follows (in millions, except per share amounts):

**Stock Consideration**

UnitedHealth Group average market price per share	\$ 32.39
Exchange ratio	1.2714

Equivalent per share consideration	\$ 41.18
Outstanding shares of Oxford	81.52

Fair value of UnitedHealth Group shares issued	\$ 3,357
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**Converted Stock Options**

UnitedHealth Group vested stock options issued	15.20
Fair value per stock option issued	\$ 15.80

Fair value of stock options issued	240
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Fair value of equity instruments issued	3,597
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**Cash Consideration**

Per share cash consideration	\$ 16.17
Outstanding shares of Oxford	81.52

Cash paid	1,318
Transaction costs	15

Purchase price	\$ 4,930
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The Oxford purchase price of \$4,930 million was allocated to acquired tangible assets and liabilities based upon their estimated fair values as of the acquisition date. The excess purchase price was allocated as detailed below (in millions):

Purchase price	\$ 4,930
Net tangible assets at acquisition date	(826)

Total excess purchase price	4,104
Finite-lived intangibles	(600)
Deferred tax liability for finite-lived intangibles	225

Goodwill	\$ 3,729
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- (c) The MAMSI acquisition closed on February 10, 2004. The pro forma condensed combined balance sheet as of June 30, 2005 includes the effects of the MAMSI acquisition in the UnitedHealth Group historical information. The pro forma condensed combined statement of operations for the six months ended June 30, 2005 includes MAMSI's results of operations in the UnitedHealth Group historical information. The pro forma condensed combined statement of operations for the year ended December 31, 2004 includes MAMSI's results of operations from February 11, 2004 to December 31, 2004 in the UnitedHealth Group historical information. This acquisition resulted in the issuance of UnitedHealth Group common stock and cash based upon the exchange ratio of 1.64 shares of UnitedHealth Group common stock and \$18 of cash for each outstanding share of MAMSI common stock. The average market price per share of UnitedHealth Group common stock of \$26.53 was based upon the average of the closing prices for a range of trading days (October 23, 2003 through October 29, 2003) around the announcement date (October 27, 2003) of the transaction. This resulted in a purchase price of \$2,745 million (\$1,932 million in stock, \$800 million in cash and \$13 million of transaction costs) as follows (in millions, except per share amounts):

**Stock Consideration**

UnitedHealth Group average market price per share	\$ 26.53
Exchange ratio	1.64
	<hr/>
Equivalent per share consideration	\$ 43.50
Outstanding shares of MAMSI	44.41
	<hr/>
Fair value of UnitedHealth Group shares issued	\$ 1,932
<b>Cash Consideration</b>	
Per share cash consideration	\$ 18.00
Outstanding shares of MAMSI	44.41
	<hr/>
Cash paid	800
Transaction costs	13
	<hr/>
Purchase price	\$ 2,745
	<hr/>

The MAMSI purchase price of \$2,745 million was allocated to acquired tangible assets and liabilities based upon their estimated fair values as of the acquisition date. The excess purchase price was allocated as detailed below (in millions):

Purchase price	\$ 2,745
Net tangible assets at acquisition date	(598)
	<hr/>
Total excess purchase price	2,147
Finite-lived intangibles	(280)
Deferred tax liability for finite-lived intangibles	100
	<hr/>
Goodwill	\$ 1,967
	<hr/>

- (d) Finite-lived intangible assets relating to the PacifiCare acquisition have been estimated at approximately \$1,200 million and consist mainly of membership lists, provider networks and trademarks. The estimated weighted average useful life is approximately 15 years and the estimated annual amortization expense is approximately \$80 million.

- (e) Represents the elimination of intangible asset amortization recorded in PacifiCare's historical financial statements.

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- (f) Finite-lived intangible assets relating to the Oxford acquisition were recorded at \$600 million, consisting mainly of membership lists, provider networks and trademarks. The weighted average useful life is 16 years and the annual amortization expense is approximately \$42 million.



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- (g) Finite-lived intangible assets relating to the MAMSI acquisition were recorded at \$280 million and consist mainly of membership lists, provider networks and trademarks. The weighted average useful life is 17 years and the estimated annual amortization expense is approximately \$20 million.
- (h) Represents the deferred tax liability established for the book and tax basis difference of finite-lived intangible assets, which are amortizable for book purposes but not for tax.
- (i) Represents the borrowing of the cash to be paid as consideration in the PacifiCare transaction as detailed in note (a) of \$2,063 million plus the borrowing for the PacifiCare debt retirement of \$927 million, for total borrowing of \$2,990 million.
- (j) Represents the estimated interest expense associated with borrowing the \$2,990 million cash to be paid as consideration and debt retirement in the PacifiCare transaction. The interest rate is based on the issuance of five- to ten-year fixed-rate debt and UnitedHealth Group's estimated borrowing rate of approximately 4.0% and 4.5% for such debt for the year ended December 31, 2004 and the six months ended June 30, 2005, respectively. The impact on interest expense of a 1/8% change in interest rates would be approximately \$4 million annually.
- (k) Represents the expected retirement of the PacifiCare debt of \$927 million at closing and the corresponding estimated reduction in interest expense.
- (l) Holders of PacifiCare's Convertible Subordinated Debentures may realize a substantial embedded gain through conversion of such notes prior to the merger, and accordingly, the pro forma financial information assumes that all holders of Convertible Subordinated Debentures will voluntarily convert such notes into shares of PacifiCare common stock in accordance with their terms prior to the merger and that such shares of PacifiCare common stock will be exchanged for the Merger Consideration.
- (m) Represents the estimated interest expense associated with borrowing the \$1,318 million cash paid as consideration in the Oxford transaction. The interest rate is based on the issuance of five- to ten-year fixed-rate debt and the borrowing rate of approximately 4.0% for such debt. For the December 31, 2004 pro forma condensed combined statement of operations, the estimated interest expense is for the period January 1, 2004 to July 29, 2004 since interest expense for the remaining period during the quarter is reflected in the UnitedHealth Group historical information.
- (n) Represents the payoff of the Oxford debt of \$397 million at closing and the corresponding estimated reduction in interest expense and interest income. The effective interest rate used for the investment interest income was 2.0% based upon estimated interest rates on the short term investment portfolio.
- (o) Represents the interest expense associated with borrowing the \$800 million cash paid as consideration in the MAMSI transaction. The interest expense is based on the issuance of \$500 million of five- to ten-year floating-rate debt and \$300 million of commercial paper at a weighted average interest rate of approximately 3.0%. For the December 31, 2004 pro forma condensed combined statement of operations, the estimated interest expense is for the period January 1, 2004 to February 10, 2004 since interest expense for the remaining period during the quarter is reflected in the UnitedHealth Group historical information.
- (p) Represents the issuance of UnitedHealth Group stock and stock options as consideration issued in the PacifiCare transaction as detailed in note (a).
- (q) Represents stock option expense recognized in PacifiCare's historical statements of operations. PacifiCare voluntarily adopted FAS No. 123, which requires stock options to be expensed based upon their fair value, effective January 1, 2003. UnitedHealth Group has elected not to expense stock options until FAS No. 123(R) is required to be adopted on January 1, 2006. This adjustment eliminates PacifiCare's FAS No. 123 stock option expense from all historical results for comparability purposes.



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- (r) Represents the pro forma tax effect of the MAMSI, Oxford and PacifiCare pro forma adjustments based upon the statutory federal income tax rate of 35%.
- (s) Represents the increase in weighted average shares outstanding from the PacifiCare acquisition based on the assumed issuance of 105.6 million shares of UnitedHealth Group common stock at the beginning of the period presented. The share issuance is calculated based upon the 95.96 million outstanding shares of PacifiCare stock multiplied by the 1.1 exchange ratio as detailed in note (a).
- (t) Represents the estimated common stock equivalents related to the issuance of 11.5 million vested options to purchase shares of UnitedHealth Group common stock in exchange for the outstanding options to purchase shares of PacifiCare common stock at June 30, 2005 as detailed in note (a). This was calculated using the Treasury Stock method under FAS No. 128 and using a \$15 average exercise price and a \$53.22 average common stock fair value.
- (u) Represents the increase in weighted average shares outstanding from the Oxford acquisition based on the issuance of 104.4 million shares of UnitedHealth Group common stock at the beginning of the period presented, partially offset by 44.6 million in weighted average shares outstanding that had been included in the UnitedHealth Group December 31, 2004 historical information which represents the pro rata impact during the period post-acquisition.
- (v) Represents the increase in weighted average shares outstanding from the MAMSI acquisition based on the issuance of 72.8 million shares of UnitedHealth Group common stock at the beginning of the period presented, partially offset by 64.8 million in weighted average shares outstanding that had been included in the UnitedHealth Group December 31, 2004 historical information which represents the pro rata impact during the period post-acquisition.
- (w) Represents an accrual of \$30 million for estimated transaction costs as a result of the PacifiCare acquisition.
- (x) Represents the elimination of PacifiCare's equity, goodwill and intangible asset account balances.
- (y) Reflects the reclassification of certain historical amounts of the acquired companies to conform to financial reporting being used prospectively by the combined company. While we have conducted preliminary reviews of accounting and financial reporting policy differences relating to PacifiCare, this review is ongoing and will continue throughout the merger process. As such, additional reclassifications or pro forma adjustments may be identified.
- (z) For comparison purposes, investments available for sale at fair value have been reclassified between short and long term investments based upon remaining maturities.
- (aa) For comparison purposes, PacifiCare's external pharmacy benefit management expenses have been reclassified to operating costs from medical costs.
- (bb) PacifiCare's historical results for the six months ended June 30, 2005 include Medicare Part D readiness expenses of approximately \$12 million and transaction expenses associated with the UnitedHealth Group merger of approximately \$4 million.

**Table of Contents****UNAUDITED COMPARATIVE PER SHARE DATA**

In the following table, UnitedHealth Group and PacifiCare provide you with historical and unaudited pro forma combined per share data, after giving effect to the merger and the issuance of 1.1 shares of UnitedHealth Group common stock and the payment of \$21.50 in cash in exchange for each share of PacifiCare common stock. This data should be read along with the selected consolidated historical financial data and the historical financial statements of UnitedHealth Group and PacifiCare and the notes thereto incorporated by reference into this proxy statement/prospectus. The pro forma information is presented for illustrative purposes only. You should not rely on the pro forma financial information as an indication of the combined financial position or results of operations of future periods or the results that actually would have been realized had the entities been a single entity during the periods presented. The PacifiCare equivalent pro forma combined per share data is calculated by multiplying the pro forma combined UnitedHealth Group common stock per share amounts by the exchange ratio of 1.1.

	As of or For the Year Ended December 31,  2004	As of or For the Six Months Ended June 30,  2005
<b>UnitedHealth Group Historical Per Share of Common Stock:</b>		
Basic Net Earnings Per Share of Common Stock	\$ 2.07	\$ 1.25
Diluted Net Earnings Per Share of Common Stock	\$ 1.97	\$ 1.19
Book Value Per Share of Common Stock	\$ 8.33	\$ 8.39
Cash Dividends Per Share of Common Stock	\$ 0.015	\$ 0.015
<b>PacifiCare Historical Per Share of Common Stock:</b>		
Basic Net Earnings Per Share of Common Stock	\$ 3.60	\$ 2.07
Diluted Net Earnings Per Share of Common Stock	\$ 3.20	\$ 1.85
Book Value Per Share of Common Stock	\$ 25.43	\$ 27.46
Cash Dividends Per Share of Common Stock	n/a	n/a
<b>Pro Forma Combined Per Share of UnitedHealth Group Common Stock:</b>		
Basic Net Earnings Per Share of Common Stock	\$ 2.11	\$ 1.26
Diluted Net E		