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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**Current Report Pursuant to  
Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): November 7, 2006

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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)

**0-10864**  
(Commission File Number)

**41-1321939**  
(I.R.S. Employer  
Identification No.)

**UnitedHealth Group Center, 9900 Bren Road East, Minnetonka, Minnesota**  
(Address of principal executive offices)

**55343**  
(Zip Code)

**Registrant's telephone number, including area code: (952) 936-1300**

**N/A**

(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review**

(a)

UnitedHealth Group Incorporated (the “Company”) has substantially completed its internal analysis of the October 15, 2006 WilmerHale report to the Independent Committee of the Board of Directors (the “Board”) on stock option programs of the Company and is working expeditiously to complete its final review of accounting adjustments based on the determination of the applicable accounting measurement dates, the impact of variable accounting treatment for certain stock options (which principally relates to stock options granted in and prior to 2000) and the resulting tax implications. As a result, the Company expects to recognize non-cash charges for stock-based compensation expense which are likely to be material for certain periods covered in the review. Although the Company is not yet able to determine the final amount of such non-cash charges and additional cash charges resulting from potential tax liabilities, the Company anticipates that it will be significantly greater than the estimate contained in its Form 10-Q for the quarter ended March 31, 2006.

Accordingly, on November 7, 2006, management of the Company concluded, and the Audit Committee of the Board (the “Audit Committee”) approved the conclusion, that due solely to the stock option matter, the Company’s financial statements for the years ended 1994 to 2005, the interim periods contained therein, the quarter ended March 31, 2006 and all earnings and press releases, including for the quarters ended June 30, 2006 and September 30, 2006 and similar communications issued by the Company for such periods, and the related reports of the Company’s independent registered public accounting firm should no longer be relied upon. The Company will review its analysis and proposed restatement adjustments with the SEC prior to completing its restatement and is working as quickly as possible to return to current filing status. The Company’s management and the Audit Committee have discussed the matters disclosed in this Item 4.02(a) with Deloitte & Touche LLP, the Company’s independent registered public accounting firm.

Additionally, management reevaluated the Management Report on Internal Control over Financial Reporting included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (the “2005 Management Internal Control Report”). The Company has determined that it had a material weakness in internal control over financial reporting relating to stock option plan administration and accounting for and disclosure of stock option grants as of December 31, 2005. The existence of a material weakness as of December 31, 2005 would preclude management from concluding that the Company’s internal control over financial reporting was effective as of December 31, 2005. The Company intends to amend its 2005 Management Internal Control Report and expects to receive an adverse opinion on the Company’s internal control over financial reporting as of December 31, 2005 from Deloitte & Touche LLP, the Company’s independent registered public accounting firm. As a result of the material weakness related solely to stock option plan administration and accounting for and disclosure of stock option grants, the Company also expects to report that its disclosure controls and procedures were not effective as of December 31, 2005.

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The Company has substantially remediated this material weakness in internal controls by taking significant actions in 2006 to strengthen the Company’s controls relating to stock option plan administration and accounting for and disclosure of stock option grants as disclosed in the Company’s Form 10-Q for the quarter ended March 31, 2006 and in the Company’s Form 12b-25 filed with SEC on August 10, 2006, including the following:

- Created and approved, an internal policy to specifically address equity award approval requirements, award levels, award date requirements, awards to individuals with significant stock ownership, modifications to existing awards, and review of and amendments to equity award policies;
- Engaged an outside professional services firm to advise the Company on improving the design of the control environment around the Company’s equity award initiation and modification, equity award approval, equity award administration and equity exercise administration processes;
- Evaluated and enhanced the design and documentation of the end-to-end process for equity compensation, including grant initiation, grant approval, grant administration, exercise administration and grant modification;
- Evaluated, strengthened and implemented processes and controls throughout the end-to-end process for equity compensation, including controls to ensure cross-functional communication and controls

around the oversight and approval for all equity grant activity;

- Conducted testing of controls relating to equity award initiation and modification, equity award approval, equity award administration and equity exercise administration processes;
- Implemented quarterly meetings of appropriate staff and management from legal, finance, tax and human resources to review equity grant activity and results of control testing; and
- Held various training and education sessions with senior management and staff.

As a result of these actions, as of September 30, 2006, the Company has substantially remediated the material weakness that existed as of December 31, 2005.

A copy of the press release dated November 8, 2006 announcing the matters stated above is filed herewith as Exhibit 99.1 and is incorporated in this Item 4.02 by reference.

**Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensation Arrangements of Certain Officers.**

**Employment Agreement with Stephen J. Hemsley**

On November 7, 2006, the Board entered into an employment agreement with Stephen J. Hemsley, currently Chief Operating Officer and President, effective when he becomes Chief Executive Officer on or before December 1, 2006.

The employment agreement provides for a four-year term, which will extend automatically for

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additional one-year periods unless sooner terminated in accordance with the terms of the employment agreement. During the period of his employment, the Board will nominate Mr. Hemsley for election by the shareholders of the Company to the Board.

Under the employment agreement, Mr. Hemsley will receive a base salary of \$1,300,000, with any increases in the sole discretion of the Compensation and Human Resources Committee of the Board (the "Compensation Committee"). The employment agreement does not set any minimum or target level for any bonus or other incentive compensation. All bonus and incentive compensation is solely at the discretion of the Compensation Committee and ultimately the independent members of the Board. Mr. Hemsley is eligible to participate in the Company's generally available employee benefit programs. The Company previously announced on May 1, 2006 that it was discontinuing equity based awards for a small number of the Company's most senior and longest tenured executives, including Mr. Hemsley, for whom equity positions are well established from prior years of service.

Upon termination of Mr. Hemsley's employment for any reason, he is entitled to a previously accrued and vested lump sum supplemental retirement benefit of \$10,703,229, to be paid six months and one day after his termination. As previously announced, the amount of the lump sum retirement benefit has been frozen at the amount accrued as of May 1, 2006 and will not increase or otherwise vary, regardless of Mr. Hemsley's age, years of service or average compensation at the time of his actual termination.

If Mr. Hemsley's employment is terminated by the Company without Cause (as defined in the employment agreement, generally meaning willful and continued failure to perform his duties after written notice, a violation of the Company's Code of Conduct or conviction of a felony), other than expiration of the term of the employment agreement, or by Mr. Hemsley for Good Reason (as defined in the employment agreement, generally meaning an assignment to duties inconsistent with his position, a relocation of the Company's principal place of business, failure by the Company to elect Mr. Hemsley as Chief Executive Officer or failure by the Board to nominate Mr. Hemsley to serve on the Board), the Company will pay Mr. Hemsley his annual salary for the longer of the remainder of the term under the employment agreement or 12 months.

If Mr. Hemsley's employment is terminated because of his death or permanent disability, the Company will pay him or his beneficiaries two years' total compensation of base salary plus the last two years' average bonus, excluding any special or one-time bonus or incentive compensation payments.

If Mr. Hemsley is terminated by the Company for Cause, by Mr. Hemsley without Good Reason or because of his retirement or expiration of the term of the employment agreement, he will not be entitled to any further compensation from the Company other than earned but unpaid salary and benefits.

Pursuant to the employment agreement, Mr. Hemsley is subject to provisions prohibiting his solicitation of the Company's employees or competing with the Company during the term of the employment agreement and the longer of two years following termination or the period that severance payments are made to him under the employment agreement. In addition, he is prohibited at all times from disclosing confidential information related to the Company.

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The above summary of the material terms of Mr. Hemsley's employment agreement is qualified by reference to the complete text of the employment agreement filed herewith as Exhibit 10.1 and is incorporated in this Item 5.02 by reference. The summary also amends the Company's Current Report on Form 8-K filed with the SEC on October 16, 2006.

Information regarding Mr. Hemsley's business experience, directorships and other information required by this Item 5.02 can be found in the Company's proxy statement filed with the SEC on April 7, 2006. Mr. Hemsley has not been directly or indirectly involved in any transaction, proposed transaction, or series of similar transactions with the Company required to be disclosed pursuant to Item 404(a) of Regulation S-K.

#### **Appointment of G. Mike Mikan as Executive Vice President and Chief Financial Officer**

The Company appointed G. Mike Mikan to serve as Executive Vice President and Chief Financial Officer of the Company, effective November 7, 2006. The Company expects to enter into a new employment agreement with Mr. Mikan which will be retroactive to November 7, 2006 and will file an amendment to this Form 8-K to disclose the material terms of the employment agreement within four business days of the entry into such employment agreement.

Mr. Mikan, age 35, was Senior Vice President of Finance of the Company from February 2006 to November 2006. He served as the Chief Financial Officer for the Company's UnitedHealthcare division, a \$35 billion operation, and as President of UnitedHealth Networks from June 2004 to February 2006. He was Chief Financial Officer of the Company's Specialized Care Services division from 2001 to 2004, prior to which he was an executive in the Company's corporate development group, which is responsible for its merger and acquisition activities. In his prior roles with the Company Mr. Mikan had no direct involvement with the Company's stock option administration or accounting for stock options. Mr. Mikan has not been directly or indirectly involved in any transaction, proposed transaction, or series of similar transactions with the Company required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Mr. Mikan succeeds Patrick J. Erlandson, who resigned as Chief Financial Officer of the Company, effective November 7, 2006. Mr. Erlandson, who had served as the Company's principal financial and principal accounting officer, is transferring to an operational role within the Company as previously planned.

#### **Amendments to Option Agreements of Current Management**

Mr. Hemsley has agreed to have the exercise prices of all options with recorded grant dates between 1997, when he commenced employment at the Company, and 2002 reset to the highest share price during the recorded grant year for each particular option, except that in the case of certain options with recorded grant years in or prior to 1999, the exercise prices will be reset to the highest share price in 2000.

An additional group of senior executives, including the Company's Section 16 officers (Tracy L. Bahl, William A. Munsell, Lois E. Quam, Robert J. Sheehy, and David S. Wichmann) and

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certain business segment Chief Executive Officers and Mr. Erlandson, have agreed to have the exercise prices of all options with recorded grant dates between 1994 and 2002 reset to the closing price of the Company's common stock on the accounting measurement date for each grant when finally determined.

Mr. Hemsley and the senior executives have also agreed to increase the exercise prices of certain post-2002 vested, in-the-money options on a pro rata basis to account for the value attributable to options previously exercised with recorded grant dates in the relevant time period.

In addition, Mr. Hemsley has acted to relinquish any personal benefit from option grants that were suspended in 1999 and reinstated in August 2000.

#### **Arrangements with William W. McGuire, M.D. and David J. Lubben**

William W. McGuire, M.D., departing Chief Executive Officer of the Company, has agreed to have the exercise prices of all options with recorded grant dates between 1994 and 2002 reset to the highest share price during the recorded grant year for each particular option, except that in the case of certain options with recorded grant years in or prior to 1999, the exercise prices will be reset to the highest share price in 2000.

David J. Lubben, former General Counsel and Secretary of the Company, has agreed to have the exercise prices of all options with recorded grant dates between 1994 and 2002 reset to the closing price of the Company's common stock on the accounting measurement date for each grant when finally determined.

Dr. McGuire and Mr. Lubben have also agreed to increase the exercise prices of certain post-2002 vested, in-the-money options on a pro rata basis to account for the value attributable to options already exercised with recorded grant dates in the relevant time period.

Additionally, discussions are ongoing between Dr. McGuire and the Company regarding the terms of his departure and no resolution has been reached. These discussions will likely not be completed until after his departure.

A copy of the press release announcing the matters stated above is filed herewith as Exhibit 99.1 and is incorporated in this Item 5.02 by reference.

#### **Item 8.01 Other Events.**

The Company also announced in the press release that it will delay filing its Form 10-Q for the quarter ended September 30, 2006. A copy of the press release is filed herewith as Exhibit 99.1 and is incorporated in this Item 8.01 by reference.

Separately, as announced on October 15, 2006, the Board separated the positions of Chairman of the Board and Chief Executive Officer and elected Richard T. Burke to the position of Chairman of the Board (the "Chairman"). On November 7, 2006, the Board authorized the Chairman to receive an additional cash retainer of \$300,000 annually.

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#### **Item 9.01 Financial Statements and Exhibits.**

<u>Exhibit</u>	<u>Description</u>
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10.1	Employment Agreement, effective as of November 7, 2006, by and between Stephen J. Hemsley and UnitedHealth Group Incorporated
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99.1	Press release dated November 8, 2006
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#### **CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

UnitedHealth Group and its representatives may from time to time make written and oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA), including statements in this report, in presentations, press releases, filings with the Securities and Exchange Commission, reports to shareholders and in meetings with analysts and investors. Generally the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions, identify forward-looking statements, which generally are not historical in nature. These statements may contain information about financial prospects, economic conditions, trends and unknown certainties. We caution that actual results could differ materially from those that management expects, depending on the outcome of certain factors. These forward-looking statements involve risks and uncertainties that may cause our

actual results to differ materially from the results discussed in the forward-looking statements. Some factors that could cause results to differ materially from the forward-looking statements include: the potential consequences of the findings announced on October 15, 2006 of the investigation by an Independent Committee of directors of our stock option programs (including the consequences of our determination that the Company's financial statements for the years ended 1994 to 2005, the interim periods contained therein, the quarter ended March 31, 2006 and all earnings and press releases, including for the quarters ended June 30, 2006 and September 30, 2006, and similar communications issued by the Company for such periods and the related reports of the Company's independent registered public accounting firm should not be relied upon, the consequences of the resulting restatement of our financial statements for those periods, and delays in filing our quarterly reports on Form 10-Q for the second and third quarters of 2006), related governmental reviews by the SEC, IRS, U.S. Attorney for the Southern District of New York and Minnesota Attorney General, and related shareholder derivative actions, shareholder demands and purported securities class actions, a purported notice of acceleration with respect to certain of the Company's debt securities based upon an alleged event of default under the indenture governing such securities, and recent management and director changes, and the potential impact of each of these matters on our business, credit ratings and debt; increases in health care costs that are higher than we anticipated in establishing our premium rates, including increased consumption of or costs of medical services; heightened competition as a result of new entrants into our market, and consolidation of health care companies and suppliers; events that may negatively affect our contract with AARP; uncertainties regarding changes in Medicare, including coordination of information systems and accuracy of certain assumptions; funding risks with respect to revenues received from Medicare and Medicaid programs; increases in costs and other liabilities associated with increased litigation, legislative activity and government regulation

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and review of our industry; our ability to execute contracts on competitive terms with physicians, hospitals and other service providers; regulatory and other risks associated with the pharmacy benefits management industry; failure to maintain effective and efficient information systems, which could result in the loss of existing customers, difficulties in attracting new customers, difficulties in determining medical costs estimates and appropriate pricing, customer and physician and health care provider disputes, regulatory violations, increases in operating costs, or other adverse consequences; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and intangible assets recorded for businesses that we acquire; potential noncompliance by our business associates with patient privacy data; misappropriation of our proprietary technology; and anticipated benefits of acquiring PacifiCare that may not be realized.

This list of important factors is not intended to be exhaustive. A further list and description of some of these risks and uncertainties can be found in our reports filed with the Securities and Exchange Commission from time to time, including our annual reports on Form 10-K and quarterly reports on Form 10-Q. Any or all forward-looking statements we make may turn out to be wrong. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Except to the extent otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements.

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### Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 8, 2006

UNITEDHEALTH GROUP  
INCORPORATED

By: /s/ Dannette L. Smith

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Dannette L. Smith

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
10.1	Employment Agreement, effective as of November 7, 2006, by and between Stephen J. Hemsley and UnitedHealth Group Incorporated
99.1	Press release dated November 8, 2006

**EMPLOYMENT AGREEMENT**

This agreement (“Agreement”), dated as of November 7, 2006, is made by and between Stephen J. Hemsley (“Executive”) and UnitedHealth Group Incorporated (“UnitedHealth Group” or the “Company”). The “Effective Date” of this Agreement is as set forth in Section 6(k). Unless the context otherwise requires, when used in this Agreement all references to “UnitedHealth Group” include any entity affiliated with UnitedHealth Group.

WHEREAS, Executive was unanimously selected by the Board of Directors of the Company (“Board”) to serve as the President and Chief Executive Officer of the Company;

WHEREAS, the decision to employ Executive as the President and Chief Executive Officer of the Company is consistent with the Company’s succession plan, fully considered by the Board;

WHEREAS, the Company desires Executive to serve, and Executive desires to serve, as the President and Chief Executive Officer of the Company;

WHEREAS, the Company desires to retain long-term leadership with the Executive;

WHEREAS, the Executive was employed by the Company prior to the Effective Date pursuant to an employment agreement dated as of October 13, 1999, as supplemented by a letter dated February 13, 2001, and an amendment effective as of August 5, 2005 (as so supplemented and amended, the “Prior Agreement”), and the Company and Executive wish to replace the Prior Agreement with the terms set forth in this Agreement;

WHEREAS, the Company has determined that the terms agreed upon by the parties and set forth in this Agreement are reasonable and appropriate and will assist in accomplishing the Company’s near and long-term leadership goals; and

WHEREAS, in exchange for the consideration set forth in this Agreement, Executive is willing to give the Company, under certain circumstances, his covenant not to compete, to protect UnitedHealth Group’s knowledge, expertise, customer and provider relationships, and the confidential information UnitedHealth Group has developed about its customers, providers, products, operations, and services;

NOW, THEREFORE, in consideration of the promises and the mutual agreements contained herein, the Company and Executive hereby agree as follows:

1. Employment. UnitedHealth Group agrees to employ Executive, and Executive hereby accepts such employment with the Company, upon the terms and conditions set forth in this Agreement, for the period beginning on the Effective Date and ending on the fourth annual anniversary of the Effective Date (the “Employment Period”), unless sooner terminated in accordance with the terms of this Agreement. The Employment Period shall automatically be extended for successive additional one-year periods unless either party to this Agreement provides the other party with notice of termination of this Agreement at least sixty (60) days prior to the expiration of the original four-year period or any one-year period thereafter.

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2. Position and Duties. UnitedHealth Group hereby employs Executive as the President and Chief Executive Officer of UnitedHealth Group. Executive shall, during the term of his employment hereunder and subject to the supervision and control of the Board, perform such duties, have such power, and exercise such supervision and control with regard to the business of UnitedHealth Group as are commonly associated with or appropriate to the offices of the President and Chief Executive Officer. Executive shall report to the Board. Executive accepts such employment on the terms and conditions set forth in this Agreement and, except as specifically superseded by this Agreement, subject to all of UnitedHealth Group’s policies and procedures, as changed from time-to-time, in regard to its employees generally. During the period of his employment, the Board shall nominate Executive as a director for election by the stockholders of the Company to the Board.

3. Compensation.

(a) Base Salary. Executive shall be paid a base annual salary in the amount of \$1,300,000 payable bi-weekly in accordance with UnitedHealth Group's then current payroll practices, less all applicable withholdings and deductions. From time to time the Company's Compensation and Human Resources Committee (the "Committee") shall review Executive's performance and may increase (but not decrease) Executive's base salary in the Committee's sole discretion.

(b) Bonus and Other Incentive Arrangements. During the Employment Period, Executive shall be eligible for an annual cash bonus payment, equity awards, and long-term incentive compensation payments, to the extent and in such amount, if any, as recommended by the Committee of the Board. Any such bonus payments, equity awards or other payment shall be payable in such form and manner as may be determined by the Company.

(c) Employee Benefits. Executive shall be eligible to participate in UnitedHealth Group's other employee benefit plans, fringe benefit arrangements and perquisites, including without limitation, any life, health, dental, short-term and long-term disability insurance coverage and any retirement or savings plans, in accordance with the terms and conditions of those plans and on a basis consistent with that customarily provided for other employees of a similar level within UnitedHealth Group.

(d) Supplemental Employee Retirement Plan. The parties previously entered into a supplemental retirement benefit plan, which is being amended and shall be attached hereto, as amended, as Exhibit A ("SERP"), the terms and conditions of which are incorporated herein by reference.

(e) Vacation and Illness. Executive shall be entitled to paid vacation and sick leave benefits each year in accordance with UnitedHealth Group's then-current policies and on a basis consistent with that customarily provided other employees of a similar level of UnitedHealth Group.

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(f) Stock Options. Stock options previously granted to Executive shall continue to vest in accordance with their terms, as set forth in the applicable agreements, plans and other documents evidencing and governing such options, subject to amendments thereto, including, without limitation, any amendments to the exercise price thereof as may be agreed upon from time to time by Executive and UnitedHealth Group. In no event will the vesting, exercise or other terms and conditions of any stock options previously granted to Executive be enhanced, changed, reduced or otherwise modified in any manner whatsoever as a result of the terms and conditions of this Agreement. The parties hereby agree to the incorporation by reference of any governing provisions from the Prior Agreement and any applicable stock option certificates, but solely to the extent necessary to accomplish the intent of the foregoing sentence.

#### 4. Term and Termination.

(a) Term. This Agreement shall continue in full force and effect during the Employment Period and may be terminated as set forth in Section 1 or as otherwise set forth below.

(b) Termination of Agreement.

(i) This Agreement and Executive's employment hereunder may be terminated at any time by the mutual written agreement of the parties.

(ii) From and after the first anniversary of this Agreement, this Agreement and Executive's employment may be terminated by UnitedHealth Group for any reason without Cause and at any time upon 90 days' prior written notice to Executive.

(iii) Executive may resign his employment and terminate this Agreement without Good Reason (as defined below) upon 90 days' prior written notice to UnitedHealth Group.

(iv) This Agreement and Executive's employment shall automatically terminate upon the death or permanent disability (as determined under the Company's group disability plan) of Executive.

(v) This Agreement and Executive's employment may be terminated by UnitedHealth Group for Cause (as defined below) immediately upon written notice to Executive.

(vi) This Agreement and Executive's employment may be terminated by Executive for Good Reason upon 90 days' prior written notice from Executive to UnitedHealth Group specifying such Good Reason, provided that such notice is given within 120 days after the initial occurrence of such Good Reason, and provided further that the events giving rise to Good Reason shall not have been remedied as of the date of such notice.

(c) Termination of Employment by UnitedHealth Group for Cause. If Executive's employment with UnitedHealth Group is terminated by UnitedHealth Group

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for Cause then, upon termination of the Executive's employment, Executive shall be entitled to no further compensation or payments from the Company other than earned but unpaid salary and benefits.

(d) Termination of Employment by UnitedHealth Group without Cause. If Executive's employment with UnitedHealth Group is terminated by UnitedHealth Group without Cause other than upon the expiration of the then current original four-year period or any subsequent one-year period as described in Section 1, as applicable, then, upon termination of Executive's employment as severance and in lieu of any other compensation, Executive shall continue to receive, at the times otherwise payable hereunder, the annual base salary for the longer of (i) the remainder of the Employment Period and (ii) twelve months. Notwithstanding the foregoing, if UnitedHealth Group determines that Executive's payments under this Section are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), such payments shall be delayed six months and one day after Executive's separation from service (to the extent necessary to comply with Section 409A). The first cash payment made following such delay shall include a lump sum of all prior missed payments.

(e) Termination of Employment by Executive (other than Good Reason or retirement). If Executive's employment with UnitedHealth Group is terminated by Executive without Good Reason and other than by retirement, then, upon termination of Executive's employment, Executive shall be entitled to no further compensation or payments from the Company other than earned but unpaid salary and benefits.

(f) Termination of Employment in the Event of Death. If Executive's employment with UnitedHealth Group is terminated due to the death of Executive then, upon termination of Executive's employment, Executive (and his estate, beneficiaries and any other person claiming through him) shall be entitled to compensation from the Company, in addition to earned but unpaid salary and benefits, in an amount equal to two years' total compensation of base salary plus the average of the bonus paid or payable to Executive for the two most recent calendar years (excluding any special or one-time bonus or incentive compensation payments), less all applicable withholdings or deductions, payable in a lump sum on the date of such termination of employment.

(g) Termination of Employment in the Event of Disability. If Executive's employment with UnitedHealth Group is terminated due to the permanent disability of Executive then, upon termination of Executive's employment, Executive shall be entitled in addition to compensation or payments from the Company to earned but unpaid salary and benefits, in an amount equal to two years' total compensation of base salary plus the average of the bonus paid or payable to Executive for the two most recent calendar years (excluding any special or one-time bonus or incentive compensation payments), less all applicable withholdings or deductions, payable in a lump sum on the date of such termination of employment. Notwithstanding the foregoing, if UnitedHealth Group determines that Executive's payments under this Section are subject to Section 409A of the Code, such payments shall be delayed six months and one day after Executive's separation from service (to the extent necessary to comply with Section 409A). The first cash payment made following such delay shall include a lump sum of all prior missed payments.

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(h) Termination of Employment for Retirement. If Executive's employment with UnitedHealth Group is terminated by Executive by reason of retirement or upon expiration of the Employment Period, then, upon termination of Executive's employment, Executive shall be entitled to no further compensation or payments from the Company other than earned but unpaid salary and benefits.

(i) Termination of Employment by Executive for Good Reason. If Executive's employment with UnitedHealth Group is terminated by Executive for Good Reason, then, upon termination of Executive's employment as severance and in lieu of any other compensation, Executive shall continue to receive, at the times otherwise payable hereunder, the annual base salary for the longer of (i) the remainder of the Employment Period and (ii) twelve months. Notwithstanding the foregoing, if UnitedHealth Group determines that Executive's payments under this Section are subject to Section 409A of the Code, such payments shall be delayed six months and one day after Executive's separation from service (to the extent necessary to comply with Section 409A). The first cash payment made following such delay shall include a lump sum of all prior missed payments.

(j) Cause. For purposes of this Agreement, "Cause" means (A) the willful and continued failure by Executive substantially to perform his duties hereunder (other than any such failure resulting from his disability or from termination by Executive for Good Reason), after a written demand for substantial performance is delivered to Executive that specifically identifies the manner in which Executive has not substantially performed his duties, and Executive has not remedied such failure within a reasonable time after receipt of such written notice; (B) a violation of UnitedHealth Group's Code of Conduct that is materially detrimental to UnitedHealth Group and that Executive has not remedied within a reasonable time after receipt of a written notice from UnitedHealth Group that specifically identifies such violations; (C) the conviction of Executive of, or a plea of nolo contendere with respect to, a felony; (D) engaging by Executive in fraud, material dishonesty or gross misconduct in connection with the business of the Company; or (E) any other willful and material breach of this Agreement by Executive that Executive has not remedied within a reasonable time after receipt of a written notice from UnitedHealth Group that specifically identifies such breach. For purposes of this paragraph, no act, or failure to act, on Executive's part will be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that his action or omission was in the best interest of UnitedHealth Group.

(k) Good Reason. For purposes of this Agreement, "Good Reason" means (A) the assignment to Executive of any duties inconsistent in any respect with Executive's position (including status, offices, titles and reporting relationships), authority, duties or responsibilities as contemplated by Section 2 or any other action by UnitedHealth Group which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by UnitedHealth Group promptly after receipt of notice thereof given by Executive; (B) the failure by UnitedHealth Group to elect Executive to the position of the President and Chief Executive Officer or the failure by the Board to nominate the Executive to serve on the Board or any other action by UnitedHealth Group which results in the diminution of Executive's position, authority, duties, or responsibilities, excluding an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by

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Group promptly after receipt of notice thereof given by Executive; (C) any failure of UnitedHealth Group to pay base salary or incentive compensation as provided herein or to provide benefits in accordance with the Company's plans, programs, policies and practices on the most favorable basis such plans programs, policies and practices were maintained and benefits are provided to Executive on the Effective Date; (D) UnitedHealth Group's requiring Executive to be based at any office or location other than its principal executive offices at its current location in Minnetonka, Minnesota or within twenty-five miles of such current location, except for travel reasonably required in the performance of the Executive's responsibilities; (E) any purported termination by UnitedHealth

Group of Executive's employment otherwise than as expressly permitted by this Agreement; or (F) any other material breach of this Agreement by UnitedHealth Group that is not remedied within a reasonable time after written notice from Executive to UnitedHealth Group that specifically identifies such breach.

(l) Upon Executive's termination, he will resign from the Board and any committees thereof.

5. Property Rights, Confidentiality, Non-Solicit and Non-Compete Provisions.

(a) Property Rights.

(i) Executive shall promptly disclose to UnitedHealth Group in writing all inventions, discoveries, and works of authorship, whether or not patentable or copyrightable, which are conceived, made, discovered, written, or created by Executive alone or jointly with another person, group, or entity, whether during the normal hours of employment at UnitedHealth Group or on Executive's own time, during the term of this Agreement. Executive assigns all rights to all such inventions and works of authorship to UnitedHealth Group. Executive shall give UnitedHealth Group any of the assistance it reasonably requires in order for UnitedHealth Group to perfect, protect and use its rights to inventions and works of authorship.

This provision shall not apply to an invention, discovery, or work of authorship for which no equipment, supplies, facility, or trade secret information of UnitedHealth Group was used and which was developed entirely on the Executive's own time and which does not relate to the business of UnitedHealth Group, to UnitedHealth Group's anticipated research or development, or does not result from any work performed by Executive for UnitedHealth Group.

(ii) Executive shall not remove any records, documents, or any other tangible items (excluding Executive's personal property) from the premises of UnitedHealth Group in either original or duplicate form, except as is needed in the ordinary course of conducting business for UnitedHealth Group.

(iii) Executive shall immediately deliver to UnitedHealth Group, upon termination of employment with UnitedHealth Group, or at any other reasonable time upon UnitedHealth Group's request, any property, records, documents, and other tangible items (excluding Executive's personal property) in

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Executive's possession or control, including data incorporated in word processing, computer, and other data storage media, and all copies of such records, documents, and information, including all Confidential Information, as defined below.

(b) Confidential Information. During the course of his employment Executive will develop, become aware of and familiar with, accumulate and learn confidential proprietary and trade secret information regarding (among other things) UnitedHealth Group's organization, strategies, business, and operations and UnitedHealth Group's past, current, or potential customers, providers, and suppliers. Except to the extent required for Executive to perform his obligations to UnitedHealth Group, Executive shall not, both during Executive's employment with UnitedHealth Group and thereafter, use any such Confidential Information or disclose it to other persons or entities except as is necessary for the performance of Executive's duties for UnitedHealth Group or as has been expressly permitted in writing by UnitedHealth Group. Provided, however, that the foregoing covenant shall not apply to any information possessed by Executive prior to his employment by UnitedHealth Group, or to any information which is in or has entered the public domain or has been disclosed within any industry segment in which UnitedHealth Group or any subsidiary or affiliated company of UnitedHealth Group operates by or pursuant to the authority of UnitedHealth Group or any subsidiary or affiliated company of UnitedHealth Group.

(c) Non-Competition. Executive acknowledges that by virtue of his employment with UnitedHealth Group, including under this Agreement, he (i) has and will become familiar with

UnitedHealth Group's Confidential Information concerning UnitedHealth Group and its business, and (ii) will develop, preserve, solidify and/or enhance goodwill and relationships with (among others) key customers and suppliers of UnitedHealth Group. Executive agrees that during his employment with UnitedHealth Group (both under this Agreement and thereafter) and for a period equal to the longer of (A) two (2) years immediately after Executive's employment with UnitedHealth Group ends or (B) the period during which Executive is receiving severance payments pursuant to Section 4(d) or 4(i) (the "Restricted Period"), and regardless of how or why Executive's employment ends, Executive shall not, directly or indirectly, as an employee, officer, partner, director or otherwise, solely on behalf of a company whose principal business is the managed healthcare business (a "Proscribed Company"), (i) assist such Proscribed Company in competing, against UnitedHealth Group or any of its subsidiaries in the United States in the managed healthcare business; (ii) assist such Proscribed Company in engaging, in the United States, in the managed healthcare business; (iii) own any interest in, or manage, control, or provide any executive, managerial, supervisory, sales, marketing or consulting services for, a Proscribed Company that competes against UnitedHealth Group, or any subsidiary thereof, in the managed healthcare business; provided, however, that nothing herein shall prohibit Executive from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded; and; provided, further, that this Section 5(c) shall not prevent Executive from being employed by, or working as a consultant to, or serving on the board of, or being an owner of or an investor in a private equity firm. Executive understands and acknowledges that UnitedHealth Group's managed healthcare business and his duties and responsibilities encompass the entire United States and he agrees, in light of his executive-level position, duties and responsibilities, the Confidential Information he will have, and the goodwill and relationships he is being paid to develop on behalf of UnitedHealth Group, that the restrictions in this Section are reasonable.

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(d) Non-Solicitation. Except as required in connection with Executive's duties under this Agreement, Executive shall not, during the Restricted Period, and regardless of how or why Executive's employment ends, directly or indirectly, solely on behalf of a Proscribed Company, (i) employ, solicit or recruit for employment or otherwise contract for, or assist a Proscribed Company in soliciting, recruiting, employing, or otherwise contracting for, the services of any person who was an employee of UnitedHealth Group (or any subsidiary thereof) at any time during the last four (4) months of Executive's employment with UnitedHealth Group and who had provided executive, managerial, supervisory, sales, marketing or consulting services to UnitedHealth Group or any subsidiary, or (ii) induce, attempt to induce, or assist a Proscribed Company in inducing or attempting to induce, any customer, supplier, licensee, licensor or other business relation of UnitedHealth Group or any subsidiary to cease doing business with UnitedHealth Group or any subsidiary in the managed healthcare business, or in any way interfere with the relationship between any such customer, supplier, licensee, licensor or business relation and UnitedHealth Group or any subsidiary in the managed healthcare business, or (iii) provide, or attempt to provide, or assist a Proscribed Company in providing, goods or services to any such customer, supplier, licensee or other business relation of UnitedHealth Group in competition against UnitedHealth Group in the managed healthcare business; provided, that this Section 5(d) shall not prevent Executive from being employed by, or working as a consultant to, or serving on the board of, or being an owner of or an investor in a private equity firm. Executive acknowledges and agrees that the restrictions in this Section are reasonable.

#### 6. Miscellaneous.

(a) Withholding. All payments hereunder shall be subject to deductions for customary withholdings, including, without limitation, federal, state and local withholding taxes and social security taxes.

(b) Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective legal and personal representatives, heirs, successors, and assigns, but may not be assigned by either party (except by operation of law upon death or disability of Executive and except that UnitedHealth Group may assign its obligations hereunder to a wholly owned

subsidiary provided that such assignment shall not relieve UnitedHealth Group of its obligations under this Agreement) without the prior written consent of the other party. UnitedHealth Group will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of its business and/or assets to assume expressly and agree to perform this Agreement in the same manner and to the same extent that UnitedHealth Group is required to perform under this Agreement if no such succession had taken place. As used in this Agreement, "UnitedHealth Group" shall mean each and any successor to its business and/or assets aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

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(c) Notices. All notices under this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed by registered or certified mail, return receipt requested, postage prepaid, to the party to receive the same at the address set forth below or at such other address as may have been furnished by proper notice.

UnitedHealth Group: 300 Opus Center  
9900 Bren Road East  
Minnetonka, MN 55343  
Attn: General Counsel

Executive: Stephen J. Hemsley  
300 Opus Center  
9900 Bren Road East  
Minnetonka, MN 55343

(d) Entire Agreement. This Agreement contains the entire understanding of the parties with respect to its subject matter and may be amended or modified only by a subsequent written amendment executed by the parties, subject to Section 6(i) hereof. On the Effective Date, this Agreement replaces and supersedes any and all prior employment or employment related agreements and understandings, including any letters or memos which may have been construed as agreements, between Executive and UnitedHealth Group or any of its subsidiaries and affiliated companies.

(e) Choice of Law. This Agreement shall be construed and interpreted under the applicable laws and decisions of the State of Minnesota.

(f) Waivers. No failure on the part of either party to exercise, and no delay in exercising, any right or remedy under this Agreement shall operate as a waiver; nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of any right or remedy.

(g) Adequacy of Consideration. Executive acknowledges and agrees that he has received, prior to or contemporaneously with the Effective Date, adequate consideration from UnitedHealth Group to enter into this Agreement.

(h) Dispute Resolution and Remedies. Any dispute arising between the parties relating to this Agreement or to Executive's employment by UnitedHealth Group shall be resolved by binding arbitration held in the City of Minneapolis pursuant to the Rules of the American Arbitration Association, except as hereinafter expressly modified. If the disputing and responding parties are unable to agree upon a resolution within forty-five business days after the responding party's receipt of written notice from the disputing party setting forth the nature of the dispute, within the following ten business days the disputing and responding parties shall select a mutually acceptable single arbitrator to resolve the dispute or if the parties fail or are unable to do so, each shall within the following ten business days select a single arbitrator, and the two so selected shall select a third arbitrator within the following ten business days. Such single arbitrator or, as the case may be, panel of three arbitrators acting by majority decision, shall resolve the dispute within sixty days after

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the date such arbitrator, or the last of them so selected, is selected, or as soon thereafter as practicable. If either party refuses or fails to select an arbitrator within the time therefor, the other party may do so on such refusing or failing party's behalf. The arbitrators shall have no power to award any punitive or exemplary damages or may construe or interpret but shall not ignore or vary the terms of this Agreement and shall be bound by controlling law. Nothing herein, however, shall prevent UnitedHealth Group from filing suit in order to obtain injunctive relief, including temporary and preliminary relief, with respect to Executive's obligations under Section 5 of this Agreement, and the parties acknowledge that Executive's failure to comply with his obligations under Section 5 of this Agreement will cause immediate and irreparable injury to UnitedHealth Group. The party not prevailing in the proceeding and/or the litigation shall bear the costs and expenses thereof, including without limitation, the reasonable attorneys' fees of the prevailing party. The arbitration award or other resolution may be entered as a judgment at the request of the prevailing party by any court of competent jurisdiction in Minnesota or elsewhere, and any such action brought by UnitedHealth Group may be brought and pursued in the State or Federal courts for the State of Minnesota.

(i) Judicial Modification. If a court or other tribunal of competent jurisdiction determines that any of the provisions of this Agreement are illegal, void as against public policy or otherwise unenforceable, then such provisions shall be modified to the extent necessary to make such provisions enforceable and then enforced to the full extent permissible under the applicable law consistent to the maximum extent permissible with the intent of the parties hereto. Executive has reviewed this entire Agreement with his counsel, and Executive acknowledges and agrees that each of the provisions contained in this Agreement is reasonable and should be fully enforceable.

(j) Survival. The provisions of Sections 3(d), 4(d), 5 and 6 shall survive any termination of this Agreement. The existence of any claim or cause of action by Executive against UnitedHealth Group, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by UnitedHealth Group of Executive's obligations under Section 5 of this Agreement. The parties also agree that Executive's obligations under Section 5 remain in effect regardless of any reason that his employment with UnitedHealth Group ends.

(k) Effective Date/Good Reason under Prior Agreement. Subject to the following sentence, the "Effective Date" of this Agreement shall be the earlier of (i) the first day that (A) the current Chief Executive Officer of the Company is no longer Chief Executive Officer, (B) the action of the Board on the date hereof appointing Executive to become President and Chief Executive Officer upon the position of Chief Executive Officer becoming vacant remains in full force and effect and unamended, and (C) there is no other impediment, by injunction or otherwise, that prevents Executive from assuming the positions of President and Chief Executive Officer of the Company or (ii) December 1, 2006. The parties hereto acknowledge and agree that, notwithstanding anything herein to the contrary: (x) the Prior Agreement shall remain in full force and effect until the Effective Date of this Agreement, upon which occasion the Prior Agreement shall terminate without further action of any party; and (y) if the Effective Date has occurred and the Executive is not the President and Chief Executive Officer of the Company, then Executive shall have

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the right to terminate his employment for Good Reason pursuant to the Section 4(k) of this Agreement upon sending a written notice to the Company but without the obligation to wait during any cure period after sending such written notice.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION THAT MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, this Agreement has been signed by the parties hereto on the date set forth below.

**UnitedHealth Group Incorporated**

**Stephen J. Hemsley**

By: /s/ Richard T. Burke  
Date: November 7, 2006

/s/ Stephen J. Hemsley  
Date: November 7, 2006

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**Exhibit A**

Agreement for Supplemental Executive Retirement Pay, effective April 1, 2004, between UnitedHealth Group Incorporated and Stephen J. Hemsley (incorporated by reference to Exhibit 10(b) to UnitedHealth Group Incorporated's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004)

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**AMENDMENT TO AGREEMENT FOR SUPPLEMENTAL EXECUTIVE RETIREMENT PAY**

This Amendment, effective as of November 7, 2006, is made by and between Stephen J. Hemsley ("Executive") and UnitedHealth Group Incorporated, a Minnesota corporation ("UnitedHealth Group").

**WITNESSETH:**

WHEREAS, Executive is currently employed as President and Chief Operating Officer of UnitedHealth Group; and

WHEREAS, the Employment Agreement, originally effective October 13, 1999, between Executive and UnitedHealth Group ("Executive's Employment Agreement") provides that UnitedHealth Group will use its best efforts to establish and provide Executive a supplemental retirement benefit plan; and

WHEREAS, UnitedHealth Group and Executive have previously entered into an Agreement for Supplemental Executive Retirement Pay, dated April 1, 2004 (the "SERP"), which satisfies the requirement in Executive's Employment Agreement for UnitedHealth Group to provide Executive a supplemental retirement benefit plan; and

WHEREAS, UnitedHealth Group and Executive wish to discontinue further accruals to Executive's supplemental retirement benefit and fix the amount of Executive's supplemental retirement benefit under the SERP to the amount payable under the SERP as of May 1, 2006; and

WHEREAS, UnitedHealth Group and Executive wish to amend and restate the SERP to comply with Section 409A of the Internal Revenue Code (the "Code").

NOW, THEREFORE, based on the foregoing and the mutual promises which follow, the parties hereto agree as follows:

1. **SUPPLEMENTAL RETIREMENT BENEFIT.** The parties hereto hereby agree that the amount of the supplemental retirement benefit payable under the SERP shall be fixed at the amount payable under the SERP as of May 1, 2006 as if Executive's employment with UnitedHealth Group terminated as of such date. Further the parties hereto agree that the supplemental retirement benefit payable under the SERP based on the provisions of Section 1 of the SERP and the assumptions in the preceding sentence is Ten Million Seven Hundred Three Thousand Two Hundred Twenty Nine and 00/100 Dollars (\$10,703,229.00). Accordingly, Section 1.3 of the SERP is hereby amended to read in full as follows:

1.3 **Amount of Benefit.** The amount of the lump sum amount payable to Executive under this Agreement shall be equal to Ten Million Seven Hundred Three Thousand Two Hundred Twenty Nine and 00/100 Dollars (\$10,703,229.00).

2. **SECTION 409A COMPLIANCE.** Since the SERP was entered into by the parties hereto, Section 409A of the Code was enacted. The parties desire to amend the SERP to comply

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with Section 409A of the Code. Accordingly, the parties hereby amend the SERP to add the following new Section 1.6 to the SERP:

1.6 **Section 409A Compliance.** Notwithstanding any other provisions of this Agreement: (i) if Executive is a "specified employee" under Section 409A of the Code at the time of his separation from service from UnitedHealth Group and all affiliates, the supplemental retirement benefit to which Executive is entitled under Section 1.3 of the Agreement shall be paid within sixty (60) days following the date that is

six (6) months and one (1) day following Executive's separation from service; and (ii) payment shall only be delayed for purposes of maximizing UnitedHealth Group's federal income tax deduction to the extent permitted under Section 409A of the Internal Revenue Code.

IN WITNESS WHEREOF, this Agreement has been signed by the parties hereto on the date set forth below.

UNITEDHEALTH GROUP INCORPORATED

STEPHEN J. HEMSLEY

By /s/ Richard T. Burke

/s/ Stephen J. Hemsley

Date November 7, 2006

Date: November 7, 2006

NEWS RELEASE



Contact: Mark Lindsay  
Vice President, Public Communications and Strategy  
952-992-4297

*(For Immediate Release)*

**UnitedHealth Group Announces Personnel, Governance Actions;  
Provides Update on Accounting for Past Option Grants**

**MINNEAPOLIS (Nov. 8, 2006)** — UnitedHealth Group today announced a series of steps taken by its Board of Directors as it continues to take action following the report by the Independent Committee and its independent counsel on October 15.

Among its actions, the Board:

- Entered into a new, four-year employment agreement with Stephen J. Hemsley, currently president and chief operating officer of UnitedHealth Group, effective when he becomes chief executive officer on or before December 1, 2006;
- Welcomed Mr. Hemsley's actions to voluntarily remove all personal benefit from any past option grants to him questioned in the WilmerHale report. This will be achieved by repricing options granted to him through 2002 and his commitment to relinquish the value of the grants that were suspended and then reinstated in August 2000. These actions will reduce the current value of Mr. Hemsley's past equity compensation by approximately \$190 million;
- Elected G. Mike Mikan as executive vice president, chief financial officer;
- Designated Forrest Burke as acting general counsel;
- Received voluntary written agreements from senior Company executives, to ensure that there is no potential for financial gain from the misdating of any option, by resetting the exercise prices of all applicable exercised and unexercised options with recorded grant dates between 1994 and 2002;
- Received voluntary written agreement from William W. McGuire, M.D., chief executive officer, to have the exercise prices of all of his options with recorded

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grant dates between 1994 and 2002, reset to the highest share price during the recorded grant year for each particular option. For options suspended in 1999 and reinstated in 2000, the exercise prices will be reset to the highest share price in 2000;

- Strengthened director independence requirements to exceed the standards of the SEC and the New York Stock Exchange;
- Formed a Nominating Advisory Committee to provide the Board with recommendations and input into its search for new directors. The Committee will be composed of representatives from the shareholder and medical communities; and
- Retained the firm Heidrick & Struggles to assist its search for new directors and retained the firm Russell Reynolds Associates to assist its search for executives for several new positions. Additional firms may be engaged as the Company proceeds to strengthen its administrative capabilities.

The Company has substantially completed its internal analysis of the WilmerHale report findings and is working expeditiously to complete its final review of accounting adjustments based on the determination of the applicable accounting measurement dates, the impact of variable accounting treatment for certain stock options (which principally relates to stock options granted in and prior to 2000) and the resulting tax implications. As a result, the Company expects to recognize non-cash charges for stock-based compensation expense that are likely to be material for certain periods covered in the review. Although the Company is not yet able to determine the final amount of the non-cash compensation charges and additional cash charges resulting from potential tax liabilities, the Company anticipates that it will be significantly greater than the estimate contained in its Form 10-Q for the quarter ended March 31, 2006. Accordingly, the Company has concluded that, due solely to the stock option matter, its financial statements and similar communications for the years ended 1994 to 2005 and the interim quarters through September 30, 2006, should no longer be relied upon and the Company will delay filing its Form 10-Q for third quarter 2006. The Company will review its analysis and proposed restatement adjustments with the SEC prior to completing its restatement and is working as quickly as possible to return to current filing status.

Additionally, the Company announced that it has substantially remediated a material weakness in its internal controls relating to stock option plan administration that it has now concluded existed as of December 31, 2005.

#### **Hemsley Reaches New Agreement, Also Acts to Remove Any Unintended Personal Benefit of Past Option Grants to Him**

Under the terms of the new, four-year employment agreement, Mr. Hemsley, as chief executive officer and president, will only be assured of receiving his base salary each year. The agreement does not set any minimum or target level for any bonus or other

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incentive compensation for Mr. Hemsley. All bonus and incentive compensation is solely at the discretion of the Compensation Committee and ultimately the independent members of the Board of Directors. On May 1, 2006, the Company announced that Mr. Hemsley and certain other senior, long-tenured executives would not receive any additional equity awards.

In addition, as previously announced, Mr. Hemsley has agreed to have the exercise prices of all of his options with recorded grant dates between 1997, the year he commenced employment at the Company, and 2002, reset to the highest share price during the recorded grant year for each particular option. In the case of certain options described below, the exercise prices will be reset to the highest share price in 2000.

Further, Mr. Hemsley has acted to relinquish any personal benefit from option grants that were suspended in 1999 and reinstated in August 2000. Mr. Hemsley said, "My decision is in keeping with my personal goal of avoiding even the appearance of any unintended benefit from any past option grants to me."

Taken together, these actions reduce the current value of Mr. Hemsley's past equity compensation by approximately \$190 million.

#### **Mikan Elected Executive Vice President, Chief Financial Officer**

G. Mike Mikan was elected executive vice president, chief financial officer, effective immediately, reporting to Mr. Hemsley.

Mr. Hemsley said, "Mike is an exceptionally talented executive who brings a compelling combination of technical financial expertise and experience, as well as a strategic perspective and leadership skills, that will serve us extremely well as we continue to advance the Company."

Mr. Mikan was senior vice president of Finance of the Company from February 2006 to November 2006. He served as the CFO for the Company's UnitedHealthcare division, a \$35 billion operation, and as president of UnitedHealth Networks from June 2004 to February 2006. He was CFO of the Specialized Care Services division from 2001-2004, prior to which he was an executive in the Company's corporate development group, which is responsible for its merger and acquisition activities.

Mr. Mikan succeeds Patrick Erlandson, who resigned as CFO and, as previously planned, will be assuming operational duties within the Company. Mr. Erlandson was named CFO in 2001.

#### **Burke Designated as Acting General Counsel**

Forrest Burke was designated acting general counsel, effective immediately, reporting to Mr. Hemsley.

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Mr. Hemsley said, “We appreciate Forrest stepping into this new role and taking on additional responsibilities. We greatly value the experience and judgment he brings at this important time for our company.”

Mr. Burke has been general counsel for UnitedHealthcare, Uniprise and Specialized Care Services and joined the company in 2005 after 17 years at the law firm Dorsey & Whitney, LLP. At Dorsey & Whitney, he served on the Management Committee and chaired the Business Services group, and was responsible for the management and oversight of more than 200 lawyers in seven departments. He has a J.D. *magna cum laude* from the University of Pennsylvania Law School.

As announced by the Board on October 15, the company is launching a national search for a permanent general counsel.

Mr. Burke is not related to Company Chairman Richard Burke.

#### **Human Resources Leader Retiring**

Robert Dapper, the Company’s senior human resources leader, is retiring, as previously planned. He will assist in an orderly transition over the balance of the year while a new human resources leader is recruited. He has been in this position since 2001.

#### **Resetting of Option Prices for Senior Executives**

Senior executives, including the Company’s Section 16 officers and business segment CEOs, and former general counsel David J. Lubben will increase the exercise prices of all of their options with recorded grant dates between 1994 and 2002 to the closing price of the Company’s common stock on the accounting measurement date for each grant when finally determined pursuant to the final restatement process. These executives also agreed to a formula to account for the value of affected options previously exercised. The effect of these changes is to remove any potential whatsoever for these individuals to have financially benefited from any option misdating.

#### **Enhanced Director Independence**

The Board significantly strengthened its requirements for director independence. The requirements are set forth on the Company’s Web site, [www.unitedhealthgroup.com](http://www.unitedhealthgroup.com), and will hereafter preclude a finding of independence if:

- A director received any direct compensation from the Company (other than for board service) in the past three years, thus extending the heightened New York Stock Exchange requirements for Audit Committee members to all independent directors;
- Charitable contributions from the Company to any tax exempt institution of which a director or his or her immediate family member is a current executive officer exceed the lesser of \$1 million or 2 percent of the institution’s consolidated gross revenue; or

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- A director falls into one of several new categories involving a business relationship with management, including any business relationship in which the director or an affiliated entity receives compensation from an executive officer.

#### **Nominating Advisory Committee Formed**

The Board has formed a new Nominating Advisory Committee, with two main functions:

- Suggesting additional director candidates for consideration by the Nominating Committee and Board; and
- Providing feedback about specific director candidates under consideration by the Nominating Committee and Board.

Recognized leaders from the shareholder and medical communities will constitute the Committee's membership.

#### **Chairman, President Comment on Actions**

Richard T. Burke, chairman of the Board of Directors, said, "We are pleased to have reached a new, four-year employment agreement with Steve Hemsley. The Board is confident that, as CEO, Steve's strong leadership, innovation and strategic approach, combined with the cultural reform he is driving, will continue our record of delivering excellent performance for our customers and our investors.

"The Board is moving quickly to establish UnitedHealth Group as a leader in corporate governance. Forming a Nominating Advisory Committee and strengthening our requirements for independent directors beyond regulatory standards demonstrate our intentions. Additionally, our senior executives have acted to eliminate any potential gain from stock options dating practices. We are gratified that our senior executives volunteered to make the changes to ensure the value of their options is attributable entirely to the performance of our share price."

Mr. Hemsley said, "The senior leaders of UnitedHealth Group are clearly aligned with our Board in striving for the highest standards of governance and business practices, even as they continue to deliver operational excellence throughout the Company.

"I am especially pleased to have reached a new agreement that allows me to continue working with the finest group of employees anywhere. As a team, we will continue to make substantial contributions to advancing American health care by improving access to high quality and affordable care for individuals and families."

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#### **About UnitedHealth Group**

UnitedHealth Group ( [www.unitedhealthgroup.com](http://www.unitedhealthgroup.com) ) is a diversified health and well-being company dedicated to making health care work better. Headquartered in Minneapolis, Minn., UnitedHealth Group offers a broad spectrum of products and services through six operating businesses: UnitedHealthcare, Ovations, AmeriChoice, Uniprise, Specialized Care Services and Ingenix. Through its family of businesses, UnitedHealth Group serves approximately 70 million individuals nationwide.

#### **Forward-Looking Statements**

This news release may contain statements, estimates or projections that constitute "forward-looking" statements as defined under U.S. federal securities laws. Generally the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions, identify forward-looking statements, which generally are not historical in nature. These statements may contain information about financial prospects, economic conditions, trends and unknown certainties. We caution that actual results could differ materially from those that management expects, depending on the outcome of certain factors. These forward-looking statements involve risks and uncertainties that may cause our actual results to differ materially from the results discussed in the forward-looking statements. Some factors that could cause results to differ materially from the forward-looking statements include: the potential consequences of the findings announced on October 15, 2006 of the investigation by an Independent Committee of directors of our stock option programs (including the consequences of our determination that the Company's financial statements for the years ended 1994 to 2005, the interim periods contained therein, the quarter ended March 31, 2006 and all earnings and press releases, including for the quarters ended June 30, 2006 and September 30, 2006, and similar communications issued by the Company for such periods and the related reports of the Company's independent registered public accounting firm should not be relied upon, the consequences of the resulting restatement of our financial statements for those periods, and delays in filing our quarterly reports on Form 10-Q for the second and third quarters of 2006), related governmental

reviews by the SEC, IRS, U.S. Attorney for the Southern District of New York and Minnesota Attorney General, and related shareholder derivative actions, shareholder demands and purported securities class actions, a purported notice of acceleration with respect to certain of the Company's debt securities based upon an alleged event of default under the indenture governing such securities, and recent management and director changes, and the potential impact of each of these matters on our business, credit ratings and debt; increases in health care costs that are higher than we anticipated in establishing our premium rates, including increased consumption of or costs of medical services; heightened competition as a result of new entrants into our market, and consolidation of health care companies and suppliers; events that may negatively affect our contract with AARP; uncertainties regarding changes in Medicare, including coordination of information systems and accuracy of certain assumptions; funding risks with respect to revenues received from Medicare and Medicaid programs; increases in costs and other liabilities associated with increased litigation, legislative activity and government regulation and review of our industry; our

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ability to execute contracts on competitive terms with physicians, hospitals and other service providers; regulatory and other risks associated with the pharmacy benefits management industry; failure to maintain effective and efficient information systems, which could result in the loss of existing customers, difficulties in attracting new customers, difficulties in determining medical costs estimates and appropriate pricing, customer and physician and health care provider disputes, regulatory violations, increases in operating costs, or other adverse consequences; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and intangible assets recorded for businesses that we acquire; potential noncompliance by our business associates with patient privacy data; misappropriation of our proprietary technology; and anticipated benefits of acquiring PacifiCare that may not be realized.

This list of important factors is not intended to be exhaustive. A further list and description of some of these risks and uncertainties can be found in our reports filed with the Securities and Exchange Commission from time to time, including our annual reports on Form 10-K and quarterly reports on Form 10-Q. Any or all forward-looking statements we make may turn out to be wrong. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Except to the extent otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements.

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