

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the matter of the Proposed Plan to Acquire Control of PacifiCare of Oregon, Inc., Portland, Oregon, by UnitedHealth Group Incorporated, Minnetonka, Minnesota)	Facts Provided and Order Case No. INS 05-11-005
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INTRODUCTION

On July 8, 2005, UnitedHealth Group Incorporated ("UnitedHealth"), filed a proposal as required by ORS 732.517 to 732.546 to acquire control of PacifiCare of Oregon, Inc. The filing also requested approval of the Director for other transactions described in the filing to the extent that such transactions may require such approval.

Supplemental information was filed to make the filing complete on October 25, 2005.

FACTS PROVIDED

PacifiCare of Oregon, Inc. ("PacifiCare Oregon") is an Oregon domiciled for-profit stock corporation licensed under ORS Chapter 750 to transact insurance business as a health care service contractor in the State of Oregon and is a wholly owned subsidiary of PacifiCare Health Plan Administrators, Inc. ("PHPA"), an Indiana corporation, which in turn is wholly owned by PacifiCare Health Systems, Inc. ("PacifiCare"), a Delaware corporation and the ultimate parent.

UnitedHealth is a Minnesota domiciled publicly traded general business corporation, is the ultimate parent of all of the UnitedHealth Group entities, and functions primarily as a holding company.

UnitedHealth proposes to acquire PacifiCare Oregon and its affiliates by the merger (the "Merger") of PacifiCare with and into Point Acquisition LLC ("Acquisition LLC"), a newly-formed limited liability company under the laws of the State of Delaware and a wholly-owned subsidiary of UnitedHealth. PacifiCare Oregon is currently an indirect subsidiary of PacifiCare. As a result of the

Merger, the separate corporate existence of PacifiCare will cease, and Acquisition LLC will survive as a wholly-owned subsidiary of UnitedHealth. Acquisition LLC will succeed to the rights and obligations of PacifiCare, will be renamed PacifiCare Health Systems, LLC, and will indirectly own all of the outstanding voting shares of PacifiCare Oregon, which will become an indirect, wholly-owned subsidiary of UnitedHealth. Alternatively, under certain circumstances set forth in the Agreement and Plan of Merger (“Agreement”), at UnitedHealth’s option, the transactions contemplated by the Merger Agreement shall be effected by merging a direct wholly-owned corporate subsidiary of UnitedHealth with and into PacifiCare, with PacifiCare being the surviving entity. In either case, UnitedHealth will be the ultimate controlling person of PacifiCare Oregon as a result of the Merger.

The terms of the acquisition are set forth in the Agreement dated July 6, 2005, by and among UnitedHealth Group Incorporated, Point Acquisition LLC, and PacifiCare Health Systems, Inc. Pursuant to the Agreement, upon completion of the Merger, each outstanding share of PacifiCare common stock, other than shares held by PacifiCare as treasury stock or held by a person who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such shares in accordance with Delaware law, will be converted into the right to receive 1.10 shares of common stock, par value \$0.01 per share, of UnitedHealth and \$21.50 in cash. The exchange ratio is fixed and will not be adjusted to reflect changes in the market price of UnitedHealth’s common stock prior to the date of the Merger. Because the exchange ratio is fixed and will not be adjusted, the implied value of the Merger consideration will fluctuate with the market price of UnitedHealth’s common stock. The cash consideration for the Merger described herein will be funded through a combination of available cash held by UnitedHealth and the issuance of commercial paper which is unsecured, short-term promissory notes issued to institutional investors. UnitedHealth also expects to refinance the commercial paper issuance through the issuance of corporate bonds (“Refinancing Bonds”), the issuance of which will depend upon bond market conditions, but is anticipated to occur within twelve (12) months of the closing of the Merger. In connection with the issuance of any commercial paper or Refinancing Bonds, UnitedHealth

will not pledge its own securities or the securities of any of its insurance or HMO subsidiaries, nor will any such insurance or HMO subsidiary provide any guarantees, pledge any assets or issue debt or equity to repay any commercial paper obligation of UnitedHealth.

Following the consummation of the Merger, UnitedHealth currently expects that the management agreements in effect between PacifiCare and its regulated subsidiaries will remain in effect.

Effective on the closing date, PacifiCare Oregon will become party to the First Restated Tax Sharing Agreement which provides for federal tax allocation among most of UnitedHealth affiliates.

UnitedHealth has no present plan or proposal to (i) cause PacifiCare Oregon to declare an extraordinary dividend or make other distributions, (ii) liquidate PacifiCare Oregon, (iii) sell any assets of PacifiCare Oregon (other than such sales of assets as may be contemplated in the ordinary course of business), (iv) merge or consolidate PacifiCare Oregon with any person or persons, or (v) make any other material change in the business operations, corporate structure or management of PacifiCare Oregon.

Upon consummation of the transactions contemplated by the Merger, PacifiCare Oregon will continue to maintain its separate corporate existence and will continue to be managed from its current headquarters. UnitedHealth's current plans are to make no changes to the senior management or board of directors of PacifiCare Oregon. UnitedHealth has no current plans or proposals to reduce in any material respect the number of employees employed by PacifiCare of Oregon in the State of Oregon as a result of the merger. The books and records of PacifiCare Oregon will be maintained in Oregon in accordance with ORS 732.245.

On the basis of the Proposed Plan of Acquisition, the Director makes the following:

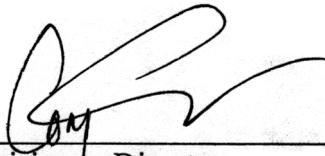
CONCLUSIONS OF LAW

1. The plan to Acquire Control of PacifiCare Oregon submitted to the Director of the Department of Consumer and Business Services is properly supported by the required documents and meets the requirements of the Oregon Insurance Code for approval with respect to Acquisitions and Mergers pursuant to ORS 732.517 to 732.546.
2. No hearings on the plan have been requested nor does the Director deem it necessary to hold one.
3. There is no evidence that:
 - (a) The activity is contrary to law or would result in a prohibited combination of risks or classes of insurance.
 - (b) The activity is inequitable or unfair to the policyholders or shareholders of any insurer involved or to any other person affected by the proposed activity.
 - (c) The activity would substantially reduce the security of and service to be rendered to policyholders of any domestic insurer involved, or would otherwise prejudice the interests of such policyholders in this state or elsewhere.
 - (d) The activity provides for a foreign or alien insurer to be an acquiring party, and the insurer cannot satisfy the requirements of this state for transacting an insurance business involving the classes of insurance affected by the activity.
 - (e) The activity or its consummation would substantially lessen competition of insurance in this state or tend to create a monopoly.
 - (f) After the change of control and ownership, the domestic insurer to which the activity applies would not be able to satisfy the requirements for the issuance of a certificate of authority to transact the line or lines of insurance for which it is currently authorized.
 - (g) The financial condition of any acquiring party might jeopardize the financial stability of the insurer.
 - (h) The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in the insurers' business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest.
 - (i) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the activity or its consummation.
 - (j) The activity or its consummation is likely to be hazardous or prejudicial to the insurance-buying public.
 - (k) The activity is subject to other material and reasonable objections.

ORDER

Based on the foregoing facts provided and for good cause appearing, it is hereby ordered that the written plan to acquire Control of PacifiCare Of Oregon, Inc., is approved.

DATED this 16th day of November, 2005.



Cory Streisinger, Director

NOTICE

Pursuant to ORS 732.528 (6), any insurer or other party to the proposed activity, including the insurer proposed to be acquired, within 60 days after receipt of a notice of approval or disapproval, may appeal the final order of the director as provided in ORS 183.310 to 183.550. For purposes of the judicial review the specifications required to be set forth in the written notice from the director shall be deemed the findings of fact and conclusions of law of the department.