

UNITEDHEALTH GROUP INC

Form S-4/A

December 15, 2003

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As filed with the Securities and Exchange Commission on December 12, 2003      Registration No. 333-110356

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

UNITEDHEALTH GROUP INCORPORATED

(exact name of registrant as specified in its charter)

**Minnesota**  
(state or other jurisdiction  
of organization)

**6324**  
(primary standard industrial  
classification code number)

**41-1321939**  
(IRS employer  
identification no.)

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)

David J. Lubben, Esq.

General Counsel

UnitedHealth Group Incorporated

UnitedHealth Group Center

9900 Bren Road East

Minnetonka, Minnesota 55343

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(952) 936-1300

(name, address, including zip code, and telephone number, including area code, of agent for service)

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APPROXIMATE DATE OF COMMENCEMENT OF THE PROPOSED SALE TO THE PUBLIC: At the effective time of the merger of Mid Atlantic Medical Services, Inc. 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 only 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. "

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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Subject to completion, dated \_\_\_\_\_, 2003

**The information in this proxy statement/prospectus is not complete and may be changed. UnitedHealth Group may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

Dear MAMSI Stockholders:

You are cordially invited to attend a special meeting of stockholders of Mid Atlantic Medical Services, Inc., referred to as MAMSI, which will be held on \_\_\_\_\_, 2004 beginning at 10:00 a.m. local time at MAMSI's offices at 10 Taft Court, Rockville, Maryland 20850. At the special meeting, MAMSI's stockholders will be asked to adopt the merger agreement that MAMSI has entered into with UnitedHealth Group Incorporated and MU Acquisition LLC, a wholly owned subsidiary of UnitedHealth Group, pursuant to which the business of MAMSI will be continued by a wholly owned subsidiary of UnitedHealth Group.

As a result of the merger, MAMSI will become part of a combined company that is a national leader in forming and operating markets for the delivery of health and well-being services. Following the merger, MAMSI stockholders are expected to own \_\_\_\_\_ in the aggregate approximately \_\_\_\_\_% of the combined company. By becoming part of a much larger health and well-being company, MAMSI's ability to market its services and expand its business is expected to be greatly enhanced. Upon completion of the merger, it is anticipated that MAMSI's operations will be integrated with those of UnitedHealth Group's Health Care Services unit and that MAMSI will continue to operate from our offices in Maryland.

In the merger, each share of your MAMSI common stock will be exchanged for 0.82 shares of UnitedHealth Group common stock and \$18.00 in cash, referred to as the merger consideration. The cash component of the merger consideration could be decreased and the stock component increased if required to preserve the intended treatment of the merger for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as explained under the caption "The Merger Agreement Tax Adjustment" beginning on page \_\_\_\_\_ of this proxy statement/prospectus. The UnitedHealth Group common stock is listed on the New York Stock Exchange, Inc., referred to as the New York Stock Exchange, under the symbol "UNH" and the MAMSI common stock is listed on the New York Stock Exchange under the symbol "MME." The last reported sale price of UnitedHealth Group common stock on the New York Stock Exchange was \_\_\_\_\_ on \_\_\_\_\_, 2003. **The value of the merger consideration to be received by MAMSI stockholders will fluctuate with changes in the price of UnitedHealth Group's common stock. 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 the UnitedHealth Group common stock at any time prior to the completion of the merger or at any time thereafter.** Stockholders are urged to obtain current market quotations for UnitedHealth Group common stock and MAMSI 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, MAMSI and its stockholders and unanimously recommends that you vote FOR the adoption of the merger agreement.**

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Lehman Brothers Inc. and Houlihan Lokey Howard & Zukin Financial Advisors, Inc. have each rendered written opinions to our board of directors, each dated October 26, 2003, to the effect that, as of that date and based upon and subject to the matters stated in such opinions, the consideration to be received by our

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stockholders under the merger agreement is fair, from a financial point of view, to our stockholders. The written opinions of Lehman Brothers and Houlihan Lokey have been attached as Annexes B-1 and B-2 to the proxy statement/prospectus and you should read them carefully in their entirety.

Only stockholders who hold shares of MAMSI common stock at the close of business on \_\_\_\_\_, 2003 will be entitled to vote at the special meeting. If the merger agreement is adopted by the MAMSI stockholders, the parties intend to close the merger shortly after the special meeting and after all of the conditions to closing the merger are satisfied.

The proxy statement/prospectus provides you with detailed information concerning UnitedHealth Group, MAMSI and the merger. Please give all of the information contained in the proxy statement/prospectus your careful attention. **In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page [ ] of this proxy statement/prospectus.**

**YOUR VOTE IS VERY IMPORTANT.** MAMSI cannot complete the proposed merger unless the merger agreement is adopted by the affirmative vote of holders of a majority of the shares of MAMSI common stock outstanding on the close of business on \_\_\_\_\_, 2003. 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 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.

**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 merger is completed, you will be sent written instructions for exchanging your certificates of MAMSI common stock for UnitedHealth Group common stock and the cash payment. Please do not send in your certificates until you have received these instructions.

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

Sincerely,

Mark D. Groban, M.D.

Chairman of the Board of Directors

**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.**

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The date of this proxy statement/prospectus is \_\_\_\_\_, 2003.

This proxy statement/prospectus and the form of proxy are first being mailed to the stockholders of MAMSI on or about \_\_\_\_\_, 2003.

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MID ATLANTIC MEDICAL SERVICES, INC.

4 Taft Court

Rockville, Maryland 20850

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON \_\_\_\_\_, 2004

To MAMSI Stockholders:

**Notice is Hereby Given**, that we will hold a special meeting of stockholders of Mid Atlantic Medical Services, Inc., a Delaware corporation, which is referred to as MAMSI, at 10:00 a.m., local time, on \_\_\_\_\_, 2004 at MAMSI's offices located at 10 Taft Court, Rockville, Maryland 20850, 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, MU Acquisition LLC, and MAMSI, dated October 26, 2003, which is referred to as the merger agreement in the enclosed documents, pursuant to which MAMSI will merge with and into MU Acquisition LLC, and MAMSI will become a wholly owned subsidiary of UnitedHealth Group, referred to as the merger. Each outstanding share of MAMSI common stock will be converted into the right to receive 0.82 shares of UnitedHealth Group common stock and \$18.00 in cash. The cash component of the merger consideration could be decreased and the stock component increased if required to preserve the intended treatment of the merger for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as explained under the caption "The Merger Agreement Tax Adjustment" beginning on page \_\_\_\_\_ of the attached proxy statement/prospectus.
2. To consider and vote on a proposal to authorize the proxies 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, MAMSI's board of directors knows of no other business to be conducted at the special meeting.

Only stockholders of record of MAMSI common stock at the close of business on \_\_\_\_\_, 2003 are entitled to notice of, and will be entitled to vote at, the special meeting or any adjournment or postponement. Adoption of the merger agreement will require the affirmative vote of MAMSI stockholders representing a majority of the outstanding shares of MAMSI common stock entitled to vote at the special meeting.

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Authorizing the proxies 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 MAMSI stockholders representing a majority of the shares of MAMSI common stock present and entitled to vote at the special meeting.

MAMSI 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 Delaware statutory provision is included as Annex C to the attached proxy statement/prospectus and a summary of this provision can be found under Appraisal Rights for MAMSI Stockholders beginning on page \_\_\_\_\_ 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. 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.**



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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

Sharon C. Pavlos

Secretary

Rockville, Maryland

, 2003

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**The information in this proxy statement/prospectus is not complete and may be changed. UnitedHealth Group may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

Subject to completion, dated \_\_\_\_\_, 2003

**Proxy Statement of Mid Atlantic Medical Services, Inc.**

**Prospectus of United Health Group Incorporated**

This proxy statement/prospectus is being furnished to stockholders of Mid Atlantic Medical Services, Inc., a Delaware corporation, referred to as MAMSI, in connection with the solicitation of proxies by the board of directors of MAMSI for use at the special meeting of stockholders of MAMSI to be held on \_\_\_\_\_, 2004 at 10:00 a.m., local time, at MAMSI's offices at 10 Taft Court, Rockville, Maryland 20850. At the special meeting, holders of MAMSI 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 October 26, 2003, among MAMSI, UnitedHealth Group Incorporated, a Minnesota corporation, referred to as UnitedHealth Group, and MU Acquisition LLC, a Delaware limited liability company and a wholly owned subsidiary of UnitedHealth Group, providing for, among other things, the merger of MAMSI with and into MU Acquisition LLC. A copy of the merger agreement is attached hereto as Annex A and made part hereof. At the special meeting, MAMSI stockholders also are being asked to consider and vote upon a proposal to authorize the proxies 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, MAMSI will merge with and into MU Acquisition LLC. Each outstanding share of MAMSI common stock will be converted into the right to receive 0.82 shares of UnitedHealth Group common stock and \$18.00 in cash. The cash component of the merger consideration could be decreased and the stock component increased if required to preserve the intended treatment of the merger for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as explained under the caption "The Merger Tax Adjustment" on page \_\_\_\_\_ of this proxy statement/prospectus. For additional information regarding the terms of the merger, see the merger agreement attached as Annex A hereto and the discussion under the caption "The Merger" herein. Completion of the merger is conditioned upon, among other things, receipt of all required shareholder and regulatory approvals.

The UnitedHealth Group common stock is listed on the New York Stock Exchange, Inc., under the symbol "UNH" and the MAMSI common stock is listed on the New York Stock Exchange under the symbol "MME". The last reported sale price of UnitedHealth Group common stock on the New York Stock Exchange was \_\_\_\_\_ on \_\_\_\_\_, 2003. **There can be no assurance as to the market price of the UnitedHealth Group common stock at any time prior to the effective time of the merger or at any time thereafter.** Stockholders are urged to obtain current market quotations for UnitedHealth Group common stock and MAMSI common stock.

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**MAMSI stockholders are strongly urged to read and consider carefully this proxy statement/prospectus in its entirety, particularly the matters referred to under "Risk Factors" starting on page [ ].**

**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 \_\_\_\_\_, 2003.

This proxy statement/prospectus and the form of proxy are first being mailed to the stockholders of MAMSI on or about \_\_\_\_\_, 2003.

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<u>Annex L</u>	MAMSI Current Report on Form 8-K/A dated October 27, 2003
<u>Annex M</u>	UnitedHealth Group Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003
<u>Annex N</u>	UnitedHealth Group Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2003
<u>Annex O</u>	UnitedHealth Group Current Report on Form 8-K dated October 27, 2003
<u>Annex P</u>	UnitedHealth Group Current Report on Form 8-K dated September 16, 2003
<u>Annex Q</u>	UnitedHealth Group Current Report on Form 8-K dated March 25, 2003

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**Q: WHY ARE WE PROPOSING TO MERGE?**

A: As a result of the merger, MAMSI will become part of a combined company that is a national leader in forming and operating markets for the delivery of health and well-being services. By becoming part of a much larger health and well-being company, MAMSI's ability to market its services, expand its business and serve its members is expected to be greatly enhanced. Upon completion of the merger, it is anticipated that MAMSI's operations will be integrated with those of UnitedHealth Group's Health Care Services unit.

**Q: WHAT WILL HAPPEN IN THE MERGER?**

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

**Q: AS A MAMSI STOCKHOLDER, WHAT WILL I RECEIVE IN THE MERGER?**

A: If the merger is completed, for each share of MAMSI common stock you own, you will receive 0.82 shares of UnitedHealth Group common stock and \$18.00 in cash, referred to as the merger consideration. The cash component of the merger consideration could be decreased and the stock component increased if required to preserve the intended treatment of the merger for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as explained under the caption "The Merger Agreement Tax Adjustment" beginning on page [redacted] of this proxy statement/prospectus. 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 October 24, 2003, the last full trading day immediately preceding the public announcement of the proposed transaction, the implied value of the merger consideration was \$62.49 per share of MAMSI common stock. Following the merger, MAMSI stockholders are expected to own in the aggregate approximately [redacted] % 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 MAMSI may not be realized. UnitedHealth Group may have difficulty and incur substantial costs in integrating MAMSI. The merger may result in a loss of customers and partners. UnitedHealth Group and MAMSI must obtain several governmental and other consents to complete the merger, which, if delayed, not granted or granted with unacceptable conditions, may jeopardize or postpone the merger, result in additional expense or reduce the anticipated benefits of the transaction. These and other risks are explained under the caption "Risk Factors - Risks Associated with the Merger" beginning on page [redacted] 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 merger consideration composed of UnitedHealth Group common stock can change. The 0.82 exchange ratio is a fixed exchange ratio, meaning that you will receive 0.82 shares of UnitedHealth Group common stock for each share of MAMSI common stock you own plus \$18.00 in cash regardless of the trading price of UnitedHealth Group common stock on the effective date of the merger. The cash component of the merger consideration could be decreased and the stock component increased if required to preserve the intended treatment of the merger for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as explained under the caption The Merger Agreement Tax



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Adjustment beginning on page of this proxy statement/prospectus. The market value of the total transaction, and of the UnitedHealth Group common stock you may receive in the merger, will increase or decrease as the trading price of UnitedHealth Group's common stock increases or decreases. There can be no assurance as to the market price of the UnitedHealth Group common stock at any time prior to the completion of the merger or at any time thereafter. Stockholders are urged to obtain current market quotations for UnitedHealth Group common stock and MAMSI common stock.

**Q: AS A HOLDER OF OPTIONS TO PURCHASE MAMSI COMMON STOCK, WHAT WILL I RECEIVE IN THE MERGER?**

A: During the thirty-day period prior to the effective date of the merger, each holder of an outstanding option to purchase a share of MAMSI common stock (whether or not then vested or exercisable by its terms) will have the opportunity to exercise such stock options upon payment of the exercise price in accordance with the terms of the applicable MAMSI stock plan, or, at the option of MAMSI, on a net cashless exercise basis upon delivery to MAMSI of an exercise agreement. Except for vested options being exercised in accordance with the terms of the applicable MAMSI stock plan, such option exercises will be deemed effective as of, and conditioned upon, the completion of the merger. Each outstanding option to purchase a share of MAMSI that is not exercised prior to the effective date of the merger will be cancelled upon the effective date of the merger and no consideration will be paid for such options.

**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 , 2004, at MAMSI's offices located at 10 Taft Court, Rockville, Maryland 20850.

**Q: WHO IS ENTITLED TO VOTE AT THE SPECIAL MEETING?**

A: Holders of record of MAMSI common stock as of the close of business on , 2003, referred to as the record date, are entitled to vote at the special meeting. Each stockholder has one vote for each share of MAMSI common stock he, she, or it 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 MAMSI common stock outstanding as of the record date is required to adopt the merger agreement.

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

**Q: WHAT DO I NEED TO DO NOW?**

A: After carefully reading and considering the information contained in 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 the Internet. Votes by telephone or the Internet must be received by .m., eastern time, on , 2004. 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 to vote your shares.

**Q: WHAT IF I DO NOT VOTE?**

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

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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 leave your shares unvoted, 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. This ensures 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 meeting. To change your vote, you may submit a later dated proxy card by mail, telephone or the Internet, or send a written notice to the Secretary of MAMSI stating that you would like to revoke your proxy. You may also change your vote by attending the special meeting and voting in person. 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. MAMSI has engaged Morrow & Co., Inc. to assist in the solicitation of proxies for the special meeting.

### **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 MAMSI has previously received your proxy, although you are welcome to attend.

### **Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?**

A: No. After we complete the merger, The Bank of New York, acting as our exchange agent, will send you instructions explaining how to exchange your shares of MAMSI common stock for the appropriate number of UnitedHealth Group common stock shares 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 quickly as possible. We currently anticipate that the merger will be completed as promptly as practicable after the special meeting, likely in the first quarter of 2004. However, because the merger is subject to closing conditions, including

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approval under the Hart-Scott-Rodino Act and the approval of regulatory agencies, such as the Maryland Insurance Administration and the Departments of Insurance of each of North Carolina and Pennsylvania, we cannot predict the exact timing.

### **Q: WHAT ARE THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO ME?**

A: Assuming the merger is completed as currently contemplated, we expect that, for U.S. federal income tax purposes, you generally will recognize gain, but not loss, as a result of the merger but generally will not recognize gain in excess of the cash, including cash in lieu of fractional shares, you receive in the merger. This treatment may not apply to all MAMSI stockholders. For further information concerning U.S. federal income tax consequences of the merger, please see **Material U.S. Federal Income Tax Consequences of the Merger** beginning on page of this proxy statement/prospectus.

**Tax matters are very complicated and the consequences of the merger to any particular MAMSI 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.**

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**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 C to the proxy statement/prospectus and a summary of this provision can be found under Appraisal Rights for MAMSI Stockholders beginning on page of this proxy statement/prospectus.

**Q: HOW WILL MAMSI STOCKHOLDERS RECEIVE THE MERGER CONSIDERATION?**

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

**Q: WHO CAN I CALL WITH QUESTIONS?**

A: If you have any questions about the merger or other matters discussed in this proxy statement/prospectus, you should contact Morrow & Co., Inc. at (212) 754-8000.

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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 and the other documents referred to for a more complete understanding of the merger agreement and 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-1, and B-2 and made part hereof. In addition, we have attached hereto as Annexes D through Q important business and financial information about MAMSI and UnitedHealth Group, which information is made part of this proxy statement/prospectus. 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 Cautionary Statement Regarding Forward-Looking Statements beginning on page of this proxy statement/prospectus.

**The Companies**

*Mid Atlantic Medical Services, Inc.*

4 Taft Court

Rockville, Maryland 20850

(301) 294-5140

MAMSI is a holding company for subsidiaries active in managed health care and other life and health insurance related activities. MAMSI and its subsidiaries offer a broad range of health care coverage and related ancillary products and deliver these services through health maintenance organizations, a preferred provider organization, and a life and health insurance company. MAMSI also owns a home health care company, a home infusion services company, a hospice company, a coordination of benefits identification and collections company and maintains a partnership interest in an outpatient surgery center. MAMSI was incorporated in Delaware in 1986.

For further information concerning MAMSI, please refer to MAMSI's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, attached as Annex D, and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003, attached as Annex E, both of which are attached hereto and made part of this proxy statement/prospectus.

*UnitedHealth Group Incorporated*

UnitedHealth Group Center

9900 Bren Road East

Minnetonka, Minnesota 55343

(952) 936-1300

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UnitedHealth Group is a leader in the health and well-being industry, serving more than 50 million Americans. Through its family of businesses, UnitedHealth Group combines clinical insight with consumer-friendly services and advanced technology to help people achieve optimal health and well being through all stages of life. UnitedHealth Group conducts its business primarily through its operating divisions in four business segments.

UnitedHealth Group's Uniprise segment serves the employee benefit needs of large organizations by developing cost-effective health care access and benefit strategies and programs, technology and service-driven solutions tailored to the specific needs of each corporate customer. Uniprise offers consumers access to a wide spectrum of health and well-being products and services.

UnitedHealth Group's Health Care Services segment consists of the UnitedHealthcare, Ovations and AmeriChoice businesses. UnitedHealthcare coordinates health and well-being services on behalf of local

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employers and consumers nationwide. Ovation provides health and well-being services for Americans age 50 and older, addressing their unique needs for preventative and acute health care services, for services dealing with chronic disease and for responding to specialized issues relating to their overall well-being. AmeriChoice engages in facilitating health care benefits and services for state Medicaid programs and their beneficiaries.

UnitedHealth Group's Specialized Care Services segment is a portfolio of health and well-being companies, each serving a specific market need with a unique blend of benefits, provider networks, services and resources. Specialized Care Services provides comprehensive products and services that are focused on highly specialized health care needs, such as mental health and chemical dependency, employee assistance, specialty networks, vision and dental services, chiropractic services, health-related information and other health and well-being services.

UnitedHealth Group's Ingenix segment is a leader in the field of health care data and information, research, analysis and application. Ingenix serves multiple health care markets on a business-to-business basis, including pharmaceutical companies, health insurers and other payers, physicians and other health care providers, large employers and government agencies.

UnitedHealth Group Incorporated, formerly known as United HealthCare Corporation, is a Minnesota corporation, incorporated in January 1977. For further information concerning UnitedHealth Group, please see Certain Information Concerning UnitedHealth Group beginning on page and refer to UnitedHealth Group's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, attached hereto as Annex F, its Selected Financial Data for the fiscal year ended December 31, 2002, attached hereto as Annex G, its Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2002, attached hereto as Annex H, and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003, attached hereto as Annex I, all of which Annexes are made part of this proxy statement/prospectus.

### *MU Acquisition LLC*

UnitedHealth Group Center

9900 Bren Road East

Minnetonka, Minnesota 55343

(952) 936-1300

MU Acquisition LLC is a Delaware limited liability company formed by UnitedHealth Group on October 24, 2003 for the sole purpose of effecting the merger. This is the only business of MU Acquisition LLC.

After the merger, the combined company will be a market leader in the fast growing mid-Atlantic region with a combined membership of 3.5 million. MAMSI's assets, brand and reputation will significantly expand and enhance UnitedHealth Group's customer products and services in the region, while the merger provides UnitedHealth Group a significant business opportunity to improve access to affordable health services for regional employers and consumers. Customers of UnitedHealthcare and Uniprise will benefit from MAMSI's relationships with institutions and care providers. At the same time, the offerings and capabilities of UnitedHealth Group will be available to the people served by MAMSI.



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

MAMSI will merge with and into MU Acquisition LLC, a newly formed, wholly owned subsidiary of UnitedHealth Group. MU Acquisition LLC 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 MAMSI. Holders of MAMSI common stock (other than holders perfecting appraisal rights, see Appraisal Rights for MAMSI Stockholders beginning on page            ) will receive 0.82 shares of UnitedHealth Group common stock and \$18.00 in cash for each share of MAMSI common stock they own. The mix of equity and cash will maintain the current balance of debt and equity in the capital structure of UnitedHealth Group. The cash

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component of the merger consideration could be decreased and the stock component increased if required to preserve the intended treatment of the merger for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as explained under the caption "The Merger Agreement Tax Adjustment" beginning on page . Stockholders will receive cash for any fractional shares that they would otherwise receive in the merger. UnitedHealth Group intends to change the name of the surviving entity to MAMSI promptly following the merger.

During a thirty-day period prior to the effective date of the merger, each holder of an outstanding option to purchase a share of MAMSI common stock (whether or not then vested or exercisable by its terms) will have the opportunity to exercise such stock options upon payment of the exercise price in accordance with the terms of the applicable MAMSI stock plan, or, at the option of MAMSI, on a net cashless exercise basis upon delivery to MAMSI of an exercise agreement. Except for vested options being exercised in accordance with the terms of the applicable MAMSI stock plan, such option exercises will be deemed effective as of, and conditioned upon, the completion of the merger. Each outstanding option to purchase a share of MAMSI common stock that is not exercised prior to the effectiveness of the merger will be cancelled upon the effectiveness of the merger and no consideration will be paid for such options. There are currently outstanding options to purchase 6,415,586 shares of MAMSI common stock, exercisable at prices ranging from of \$5.38 to \$57.25 per share.

The merger agreement is attached to this proxy statement/prospectus as Annex A. Stockholders of MAMSI are encouraged to carefully read the merger agreement in its entirety.

**Stockholder Approval (see page )**

In order for the merger to be completed, holders of a majority of the shares of MAMSI common stock outstanding as of the record date must adopt the merger agreement. UnitedHealth Group shareholders are not required to adopt the merger agreement.

You are entitled to cast one vote per share of MAMSI common stock you owned as of , 2003, the record date.

**Recommendation of MAMSI's Board of Directors (see page )**

After careful consideration, MAMSI'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, MAMSI and its stockholders and unanimously recommends that MAMSI stockholders vote FOR adoption of the merger agreement.

**Fairness Opinions**

*Opinion of Lehman Brothers Inc. (see page )*

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On October 26, 2003, Lehman Brothers Inc., referred to as Lehman Brothers, rendered its written opinion to MAMSI's board of directors that, as of such date, and based upon and subject to specified matters set forth in the opinion, from a financial point of view, the consideration offered to the MAMSI stockholders in the merger is fair to such stockholders.

The full text of the written Lehman Brothers opinion is attached as Annex B-1 to this proxy statement/prospectus. MAMSI stockholders should read the opinion for a discussion of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Lehman Brothers in rendering its opinion.

Lehman Brothers provided its opinion for the information and assistance of the MAMSI board of directors in connection with its consideration of the merger. The Lehman Brothers opinion is not intended to be and does not constitute a recommendation to any MAMSI stockholder as to how such stockholder should vote in connection with the merger.

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*Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. (see page            )*

Houlihan Lokey Howard & Zukin Financial Advisors, Inc., referred to as Houlihan Lokey, delivered its written opinion to MAMSI's board of directors to the effect that, as of October 26, 2003, and based upon and subject to the considerations set forth in its opinion, the \$18.00 in cash and 0.82 shares of UnitedHealth Group's common stock to be paid for each share of MAMSI common stock is fair, from a financial point of view, to the holders of MAMSI common stock.

The written opinion of Houlihan Lokey is attached as Annex B-2 to this proxy statement/prospectus. MAMSI stockholders should read the opinion for a discussion of the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Houlihan Lokey in providing its opinion.

The written opinion of Houlihan Lokey is directed to MAMSI's board of directors and addresses only the fairness from a financial point of view to the holders of MAMSI's common stock, as of the date of the opinion, of the per share merger consideration to be paid by UnitedHealth Group pursuant to the merger agreement. The written opinion of Houlihan Lokey does not address any other aspect of the transaction and does not constitute a recommendation to MAMSI's stockholders as to how to vote at MAMSI's stockholder meeting.

**Risk Factors (see page            )**

See **Risk Factors** for a discussion of factors you should carefully consider before deciding how to vote your shares of MAMSI common stock at the special meeting.

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

The parties' obligations to complete the merger are subject to the prior satisfaction or waiver of each of the conditions specified in the merger agreement. The following conditions, in addition to other customary closing conditions, must be satisfied or waived before the completion of the merger:

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

the waiting period under the Hart-Scott-Rodino Act must have been terminated or expired;

specified governmental consents, including State Department of Health and/or State Department of Insurance approvals, must be obtained without conditions which would reasonably be expected to have a material adverse effect on UnitedHealth Group or MAMSI or materially impair the anticipated long-term benefits of the merger;

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

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

there must be no litigation or other proceeding by a governmental entity pending or threatened seeking (i) to prohibit the ownership or operation of MAMSI by UnitedHealth Group, (ii) to impair the ownership or operation of MAMSI by UnitedHealth Group (including by requiring disposal of assets), or (iii) damages, which in the case of (ii) or (iii) would reasonably be expected to have a material adverse effect on UnitedHealth Group or MAMSI or materially impair the anticipated long-term benefits of the merger;

there must be no legal restraint in effect which would reasonably be likely to have any of the effects set forth in (i) through (iii) of the above bullet point;

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the representations and warranties of each party set forth in the merger agreement must be true and correct without giving effect to any qualification as to materiality or material adverse effect, except where the failure to be true and correct would not reasonably be likely to have a material adverse effect on such party, in each case as of the date of the merger agreement and as of the date the merger is to be completed;

the parties to the merger agreement must have performed in all material respects all of their agreements and covenants required by the merger agreement; and

the registration statement, of which this proxy statement/prospectus is a part, must be effective under the Securities Act of 1933 and must not be the subject of any stop order or pending or threatened proceeding seeking a stop order.

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

The merger agreement may be terminated by mutual consent, or by either UnitedHealth Group or MAMSI under specified circumstances, at any time before the completion of the merger, including:

if the merger is not completed, through no fault of the terminating party, by July 31, 2004;

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

if any legal restraint having the effect of (i) prohibiting the ownership or operation of MAMSI by UnitedHealth Group, (ii) impairing the ownership of MAMSI by UnitedHealth Group (including by requiring disposal of assets) or (iii) awarding damages, which in the case of (ii) or (iii) would reasonably be expected to have a material adverse effect on UnitedHealth Group or MAMSI or materially impair the anticipated long-term benefits of the merger, shall be in effect and shall have become final and nonappealable; 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 and is not cured or curable within 30 days following receipt of notice of the breach.

In addition, the merger agreement may be terminated by UnitedHealth Group within 45 days of the date on which the MAMSI board of directors (i) withdraws (or modifies in a manner adverse to UnitedHealth Group) its recommendation of the merger agreement or recommends an alternate takeover proposal or (ii) fails to publicly confirm its recommendation of the merger agreement within three business days after a written request by UnitedHealth Group that it do so.

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

MAMSI has agreed to pay UnitedHealth Group a termination fee of \$116,388,089 if the merger agreement is terminated under several specified circumstances. The termination fee is payable if the merger agreement is terminated by UnitedHealth Group within 45 days of MAMSI withdrawing or failing to confirm its recommendation of the merger agreement. The termination fee is also payable if MAMSI commits to a takeover proposal within one year from the termination of the merger agreement, but only if a takeover proposal was communicated to MAMSI or its stockholders after the date of the merger agreement, and the merger agreement was terminated due to:

a failure to obtain MAMSI stockholder approval for the merger agreement at a MAMSI stockholder meeting or any adjournment or postponement thereof (*provided*, that if MAMSI withdrew or failed to confirm its recommendation of the merger agreement prior to the special meeting, and the stockholder vote was still held, no such fee would be payable) or

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a willful breach by MAMSI of its representations, warranties, covenants or agreements that is not cured within 30 days written notice from UnitedHealth Group and would be reasonably likely to result in a material adverse effect on MAMSI.

Finally, the termination fee is payable if the merger is not consummated by July 31, 2004 (so long as the terminating party's action or failure to act was not a principal cause of and did not result in such failure to consummate the merger), a vote to obtain MAMSI stockholder approval has not been held and MAMSI commits to a takeover proposal within one year after such termination (*provided*, that if the stockholder vote was not held because of events beyond MAMSI's control, no such fee would be payable). See The Merger Agreement Payment of Fees and Expenses beginning on page .

## **No Solicitation of Transactions Involving MAMSI (see page )**

MAMSI has agreed that it will not, whether directly or indirectly, until the merger is completed or the merger agreement is terminated:

solicit, initiate, cause, knowingly encourage or knowingly facilitate any inquiries or takeover proposals (as described below); or

participate in discussions or negotiations with, or furnish any information to, a third party in connection with or furtherance of a takeover proposal.

However, prior to the special meeting, MAMSI may, in response to an unsolicited takeover proposal by a third party, and with two business days written notice to UnitedHealth Group, furnish information to, pursuant to a confidentiality agreement no less restrictive than the one with UnitedHealth Group, and participate in discussions with, such third party regarding the takeover proposal if:

MAMSI's board of directors determines in good faith that the takeover proposal constitutes, or is reasonably likely to constitute, a superior proposal (as described below), and

MAMSI's board of directors determines in good faith, after receiving advice from its outside legal counsel, that such action is necessary in order to comply with its fiduciary duties under applicable law.

Additionally, MAMSI's board of directors is not prohibited from taking and disclosing to MAMSI's stockholders a position with respect to a tender offer as contemplated by Rule 14e-2(a) or Item 1012(a) of Regulation M-A promulgated under the Securities Exchange Act. Furthermore, MAMSI's board of directors is not prohibited from making any required disclosure to MAMSI stockholders if, in the good faith judgment of the board of directors (after consultation with outside counsel), failure to so disclose would be inconsistent with its obligations under applicable law.

A takeover proposal is any inquiry, proposal or offer (other than the proposed merger) for a merger, consolidation or other business combination with MAMSI, for the issuance of 20% or more of the equity securities of MAMSI as consideration for the assets or securities of a third party or for the acquisition of 20% or more of the assets or equity securities of MAMSI. A superior proposal is a takeover proposal to acquire 50% or more of the outstanding capital stock of MAMSI, or all or substantially all of the assets of MAMSI and its subsidiaries, taken as a whole, (i) on terms that the MAMSI board determines, in good faith, with advice from an independent financial advisor and outside legal counsel, to be more favorable to MAMSI's stockholders from a financial point of view than the terms of the merger with UnitedHealth Group and (ii) which is reasonably likely to be completed.



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

Certain executive officers and directors of MAMSI have interests in the merger that are different from and in addition to the interests of MAMSI stockholders generally. Mark D. Groban, Chairman of the Board of

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Directors, Thomas P. Barbera, President and Chief Executive Officer, Robert E. Foss, Senior Executive Vice President and Chief Financial Officer, and Sharon C. Pavlos, Associate Senior Executive Vice President and General Counsel, have entered into employment agreements with UnitedHealth Group that become effective upon completion of the merger. These agreements provide for the payment of a post-merger integration bonus to such executive officers, subject to the discretion of UnitedHealth Group, in the following amounts: for Dr. Groban, up to \$650,000 per year, payable on the first anniversary of the effective date of his employment agreement; for Mr. Barbera and Mr. Foss, up to \$400,000 per year, payable on the first and second anniversaries of the effective dates of their employment agreements; and for Ms. Pavlos, up to \$300,000 per year, payable on the first and second anniversaries of the effective date of her employment agreement. Dr. Groban, Mr. Barbera, Mr. Foss and Ms. Pavlos also will receive change in control benefits upon completion of the merger estimated at the following aggregate amounts (assuming a closing date of February 1, 2004): for Dr. Groban, \$8,664,978; for Mr. Barbera, \$8,384,802; for Mr. Foss, \$6,082,271; and for Ms. Pavlos, \$3,202,775.

In addition, in connection with the merger, stock options granted to MAMSI executive officers and directors will become fully vested, to the extent they have not already become so, and immediately exercisable in accordance with MAMSI's stock option plans. Currently, Dr. Groban holds outstanding options for 842,750 shares of MAMSI common stock, with an exercise price range of \$8.31 to \$32.40 per share; Mr. Barbera holds options for 895,750 shares of MAMSI common stock, with an exercise price range of \$8.31 to \$32.40 per share; Mr. Foss holds options for 691,000 shares of MAMSI common stock, with an exercise price range of \$12.00 to \$32.40 per share; and Ms. Pavlos holds options for 345,000 shares of MAMSI common stock, with an exercise price range of \$16.75 to \$32.40 per share. All such options have become fully vested, or will become fully vested, prior to the consummation of the merger, and will not be subject to accelerated vesting as a consequence of the merger. However, it is expected that Dr. Groban, Mr. Barbera, Mr. Foss and Ms. Pavlos will be granted additional options to purchase shares of MAMSI common stock on January 1, 2004 at an exercise price equal to the fair market value of MAMSI common stock on such date pursuant to the terms of their existing employment agreements. To the extent these additional options are not fully vested and immediately exercisable upon grant, such options will be accelerated as a result of the merger and will become fully vested and immediately exercisable upon the consummation of the merger. See Interests of Certain Persons in the Merger - Stock Options beginning on page .

UnitedHealth Group also agreed in the merger agreement to indemnify and provide liability insurance to MAMSI's officers and directors. The directors of UnitedHealth Group and MAMSI knew about these additional interests and considered them when they approved the merger.

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

The completion of the merger is conditioned on the receipt by MAMSI 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 Internal Revenue Code. Assuming the merger so qualifies, MAMSI stockholders generally will recognize gain, but not loss, for U.S. federal income tax purposes as a result of the merger but generally will not recognize gain in excess of the cash they receive in the merger. This treatment may not apply to all MAMSI stockholders. For further information concerning U.S. federal income tax consequences of the merger, please see Material U.S. Federal Income Tax Consequences of the Merger beginning on page .

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

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### **Accounting Treatment (see page            )**

UnitedHealth Group will account for the merger under the purchase method of accounting for business combinations.

### **Regulatory Approvals (see page            )**

The merger is subject to U.S. antitrust laws. UnitedHealth Group and MAMSI have made the required filings with the U.S. Department of Justice and the Federal Trade Commission, and the applicable waiting period was terminated on            . The Department of Justice or the Federal Trade Commission, as well as a state or private person, may challenge the merger at any time before or after its completion.

In addition, the Departments of Insurance of the States of Maryland, Pennsylvania and North Carolina must approve UnitedHealth Group's acquisition of control of MAMSI and certain MAMSI subsidiaries. UnitedHealth Group filed a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer as required by law, on October 31, 2003 with the Maryland Insurance Administration, on November 3, 2003 with the North Carolina Department of Insurance and on November 7, 2003 with the Pennsylvania Department of Insurance. In addition, the parties must file pre-notifications of merger with the insurance departments of five states in which MAMSI and its subsidiaries conduct business. These approvals are more fully described at The Merger Regulatory Matters.

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

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 MAMSI or UnitedHealth Group for the purposes of the Securities Act of 1933, 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 of 1933. This proxy statement/prospectus does not register the resale of stock held by affiliates.

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

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 MAMSI common stock determined by the Delaware Chancery Court. 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 MAMSI for appraisal in compliance with the Delaware General Corporation Law before the vote on the merger;

not vote in favor of the merger; and

continuously hold your MAMSI 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. Delaware law requirements for exercising appraisal rights are described in further detail beginning on page . The relevant section of Delaware law regarding appraisal rights is reproduced and attached as Annex C to this proxy statement/prospectus.

**If you vote for the merger, you will waive your rights to seek appraisal of your shares of MAMSI common stock under Delaware law.**

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

Following the effective time of the merger, UnitedHealth Group will cause a letter of transmittal to be mailed to all holders of MAMSI 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            )**

Upon completion of the merger, MAMSI 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 merger will result in differences in the rights of MAMSI stockholders, which are summarized in Comparison of Rights of Shareholders of UnitedHealth Group and MAMSI beginning on page            .

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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 in Annex H and made part of this proxy statement/prospectus. The financial data for the five years ended December 31, 2002 has been derived from the audited consolidated financial statements of UnitedHealth Group. The financial data as of and for the nine months ended September 30, 2003 and 2002 has been derived from the unaudited condensed consolidated financial statements of UnitedHealth Group. 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 nine months ended September 30, 2003 and 2002 have been reflected therein. Operating results for the nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the full year. On May 7, 2003, UnitedHealth Group's board of directors declared a two-for-one split of UnitedHealth Group's common stock in the form of a 100 percent common stock dividend. The stock dividend was paid on June 18, 2003, to shareholders of record on June 2, 2003. All per share calculations reflect the two-for-one common stock split.

(In millions, except per share data)	For the Nine Months		For the Year Ended December 31,				
	Ended September 30,						
	2003	2002	2002	2001	2000	1999	1998(1)
<b>Consolidated Operating Results</b>							
Revenues	\$ 21,300	\$ 18,338	\$ 25,020	\$ 23,454	\$ 21,122	\$ 19,562	\$ 17,355
Earnings (Loss) From Operations	\$ 2,125	\$ 1,577	\$ 2,186	\$ 1,566	\$ 1,200	\$ 943	\$ (42)
Net Earnings (Loss)	\$ 1,318	\$ 973	\$ 1,352	\$ 913	\$ 736	\$ 568	\$ (166)
Net Earnings (Loss) Applicable to Common Shareholders	\$ 1,318	\$ 973	\$ 1,352	\$ 913	\$ 736	\$ 568	\$ (214)
Return on Shareholders' Equity (annualized)	38.4%	33.5%	33.0%	24.5%	19.8%	14.1%	na
Basic Net Earnings (Loss) per Common Share	\$ 2.23	\$ 1.60	\$ 2.23	\$ 1.46	\$ 1.14	\$ 0.82	\$ (0.28)
Diluted Net Earnings (Loss) per Common Share	\$ 2.13	\$ 1.53	\$ 2.13	\$ 1.40	\$ 1.09	\$ 0.80	\$ (0.28)
Common Stock Dividends per Share	\$ 0.015	\$ 0.015	\$ 0.015	\$ 0.015	\$ 0.008	\$ 0.008	\$ 0.008
<b>Consolidated Cash Flows From (Used For):</b>							
Operating Activities	\$ 2,133	\$ 1,663	\$ 2,423	\$ 1,844	\$ 1,521	\$ 1,189	\$ 1,071
Investing Activities	\$ (28)	\$ (942)	\$ (1,391)	\$ (1,138)	\$ (968)	\$ (623)	\$ 21
Financing Activities	\$ (1,168)	\$ (1,195)	\$ (1,442)	\$ (585)	\$ (739)	\$ (605)	\$ (198)
<b>Consolidated Financial Condition</b>							
(As of period end)							
Cash and Investments	\$ 6,954	\$ 6,001	\$ 6,329	\$ 5,698	\$ 5,053	\$ 4,719	\$ 4,424
Total Assets	\$ 14,902	\$ 13,707	\$ 14,164	\$ 12,486	\$ 11,053	\$ 10,273	\$ 9,675
Debt	\$ 1,750	\$ 1,674	\$ 1,761	\$ 1,584	\$ 1,209	\$ 991	\$ 708
Shareholders' Equity	\$ 4,746	\$ 4,361	\$ 4,428	\$ 3,891	\$ 3,688	\$ 3,863	\$ 4,038
Debt-to-Total-Capital Ratio	26.9%	27.7%	28.5%	28.9%	24.7%	20.4%	14.9%

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- (1) 1998 results include operational realignment and other charges of \$725 million, \$175 million of charges related to contract losses associated with certain Medicare markets and other increases to commercial and Medicare medical costs payable estimates, and a \$20 million convertible preferred stock redemption premium.

**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA****OF MID ATLANTIC MEDICAL SERVICES, INC.**

The following table summarizes selected historical consolidated financial data of MAMSI which should be read in conjunction with the consolidated financial statements of MAMSI, and the notes thereto, included in Annex D and made part of this proxy statement/prospectus. The financial data for the five years ended December 31, 2002 has been derived from the audited consolidated financial statements of MAMSI. The financial data as of and for the nine months ended September 30, 2003 and 2002 has been derived from the unaudited condensed consolidated financial statements of MAMSI. In the opinion of MAMSI's management, all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial data for the nine months ended September 30, 2003 and 2002 have been reflected therein. Operating results for the nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the full year.

(In millions, except per share data)	For the Nine		For the Year Ended December 31,				
	Months Ended September 30,						
	2003	2002	2002	2001	2000	1999	1998
<b>Consolidated Operating Results</b>							
Revenues	\$ 2,008	\$ 1,721	\$ 2,328	\$ 1,808	\$ 1,484	\$ 1,317	\$ 1,188
Earnings From Operations	\$ 182	\$ 89	\$ 147	\$ 84	\$ 57	\$ 40	\$ 12
Net Earnings	\$ 119	\$ 60	\$ 97	\$ 57	\$ 39	\$ 26	\$ 9
Net Earnings Applicable to Common Shareholders	\$ 119	\$ 60	\$ 97	\$ 57	\$ 39	\$ 26	\$ 9
Return on Shareholders' Equity (annualized)	39.27%	26.06%	30.9%	22.5%	18.9%	13.8%	4.5%
Basic Net Earnings per Common Share	\$ 3.05	\$ 1.53	\$ 2.49	\$ 1.48	\$ 1.04	\$ 0.64	\$ 0.20
Diluted Net Earnings per Common Share	\$ 2.88	\$ 1.43	\$ 2.34	\$ 1.41	\$ 1.00	\$ 0.64	\$ 0.20
Common Stock Dividends per Share	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated Cash Flows From (Used For):</b>							
Operating Activities	\$ 200	\$ 179	\$ 211	\$ 129	\$ 86	\$ 62	\$ 55
Investing Activities	\$ (165)	\$ (141)	\$ (149)	\$ (121)	\$ (77)	\$ (41)	\$ (19)
Financing Activities	\$ (33)	\$ (33)	\$ (60)	\$ (9)	\$ (7)	\$ (27)	\$ (29)
<b>Consolidated Financial Condition</b>							
(As of period end)							
Cash and Investments	\$ 655	\$ 518	\$ 494	\$ 373	\$ 275	\$ 206	\$ 184
Total Assets	\$ 950	\$ 781	\$ 773	\$ 594	\$ 467	\$ 389	\$ 363
Debt	\$	\$ 3	\$ 3	\$ 4	\$ 3	\$ 4	\$ 2
Shareholders' Equity	\$ 461	\$ 333	\$ 347	\$ 281	\$ 226	\$ 187	\$ 191
Debt-to-Total-Capital Ratio	0.0%	0.9%	0.9%	1.4%	1.3%	2.1%	1.0%



**Table of Contents****MARKET PRICE AND DIVIDEND INFORMATION****Recent Closing Prices**

The table below presents the closing price per share of UnitedHealth Group common stock on the New York Stock Exchange, and the closing price per share of MAMSI common stock on the New York Stock Exchange, on October 24, 2003, the last full trading day immediately preceding the public announcement of the proposed merger, and on [redacted], the most recent practicable date prior to the mailing of this proxy statement/prospectus, as well as the equivalent stock price plus cash of shares of MAMSI common stock on such dates. The equivalent stock price plus cash of shares of MAMSI common stock represents the closing sales price per share for UnitedHealth Group's common stock on the New York Stock Exchange on October 24, 2003 and [redacted], multiplied by the exchange ratio, plus the cash consideration of \$18.00 to be paid with respect to each share of MAMSI common stock and reflects an implied premium of \$8.61 per share of MAMSI common stock. Keep in mind that the value of the merger consideration to be received by MAMSI stockholders will fluctuate with changes in the price of UnitedHealth Group common stock if the price of UnitedHealth Group's common stock decreases, the merger consideration decreases. There can be no assurances as to the market price of UnitedHealth Group common stock at any time prior to the merger or any time thereafter. Stockholders should obtain current market quotations for shares of UnitedHealth Group common stock and MAMSI common stock prior to making any decision with respect to the merger.

	UnitedHealth Group Common Stock (price per share)	MAMSI Common Stock (price per share)	MAMSI Equivalent Stock Price Plus Cash (price per share)
October 24, 2003	\$ 54.25	\$ 53.88	\$ 62.49
[redacted]	\$	\$	[redacted]

**Historical Market Price Data**

MAMSI's common stock is quoted on the New York Stock Exchange under the symbol MME. UnitedHealth Group's common stock is quoted on the New York Stock Exchange under the symbol UNH.

The following table sets forth the high and low sales prices per share of UnitedHealth Group and MAMSI common stock as adjusted for all stock splits, as reported on the New York Stock Exchange for the periods indicated:

	UnitedHealth Group Common Stock		MAMSI Common Stock	
	High	Low	High	Low
2001				
Quarter ended March 31, 2001	\$ 32.18	\$ 25.25	\$ 20.86	\$ 14.69
Quarter ended June 30, 2001	\$ 33.70	\$ 26.25	\$ 21.35	\$ 15.00

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Quarter ended September 30, 2001	\$ 35.00	\$ 29.40	\$ 23.18	\$ 17.50
Quarter ended December 31, 2001	\$ 36.40	\$ 31.21	\$ 23.15	\$ 16.60
2002				
Quarter ended March 31, 2002	\$ 38.40	\$ 33.93	\$ 29.14	\$ 22.30
Quarter ended June 30, 2002	\$ 48.95	\$ 37.57	\$ 39.75	\$ 27.90
Quarter ended September 30, 2002	\$ 48.15	\$ 40.74	\$ 38.17	\$ 26.75
Quarter ended December 31, 2002	\$ 50.50	\$ 37.52	\$ 43.20	\$ 28.50
2003				
Quarter ended March 31, 2003	\$ 46.35	\$ 39.20	\$ 40.70	\$ 29.58
Quarter ended June 30, 2003	\$ 52.67	\$ 44.10	\$ 54.00	\$ 38.41
Quarter ended September 30, 2003	\$ 56.25	\$ 47.25	\$ 60.70	\$ 45.70
Quarter ended December 31, 2003 (through October 24, 2003)	\$ 55.64	\$ 49.50	\$ 55.65	\$ 51.00

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### **Dividend Information**

MAMSI has never paid a cash dividend on its common stock. UnitedHealth Group paid a cash dividend equal to \$0.015 per share, split-adjusted, on its common stock for its fiscal years 2001, 2002 and 2003.

### **Number of Stockholders**

As of \_\_\_\_\_, 2003, there were approximately \_\_\_\_\_ stockholders of record of MAMSI common stock, as shown on the records of MAMSI's transfer agent for such shares. As of \_\_\_\_\_, 2003, there were approximately \_\_\_\_\_ shareholders of record of UnitedHealth Group, as shown on the records of UnitedHealth Group's transfer agent for such shares.

### **Shares Held by Certain Stockholders**

Adoption of the merger agreement by MAMSI's stockholders requires the affirmative vote of the holders of a majority of the shares of MAMSI common stock outstanding and entitled to vote at the special meeting. As of \_\_\_\_\_, 2003, approximately \_\_\_\_\_% of the outstanding shares of MAMSI common stock were held by directors and executive officers of MAMSI and their affiliates. Neither UnitedHealth Group nor any of its directors or executive officers owns any shares of MAMSI stock.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

On October 26, 2003, UnitedHealth Group entered into a definitive agreement to acquire MAMSI. Under the terms of the agreement, holders of MAMSI common stock will receive 0.82 shares of UnitedHealth Group common stock and \$18.00 in cash for each share of MAMSI common stock they own. Total consideration for the transaction, to be issued upon closing, is comprised of approximately 38.6 million shares of UnitedHealth Group common stock, valued at approximately \$2,050 million based upon the average of UnitedHealth Group's share closing price from October 23, 2003 through October 29, 2003, and approximately \$600 million in cash after considering stock option and residual share proceeds.

The unaudited pro forma condensed combined financial information gives effect to the acquisition of MAMSI by UnitedHealth Group as if the acquisition had occurred on January 1, 2002 for purposes of the pro forma condensed combined statements of operations and on September 30, 2003 for purposes of the pro forma condensed combined balance sheet as of September 30, 2003.

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 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, currently estimated to occur in the first quarter of 2004.

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 completion of the transaction and other changes in MAMSI's net tangible and intangible assets that occur prior to completion of the transaction could cause material differences from the information presented below.

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 MAMSI, included in Annexes D, E, G, H, I, J, K, M and N and made part of 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 occurred on June 18, 2003. 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**

Nine Months Ended September 30, 2003

(Unaudited)

(In millions, except per share amount)

	Historical UnitedHealth Group	Historical MAMSI	Pro Forma Adjustments	Pro Forma Combined
<b>Revenues</b>				
Premiums	\$ 18,791	\$ 1,961	\$	\$ 20,752
Services	2,329	34		2,363
Investment and Other Income	180	13		193
<b>Total Revenues</b>	<b>21,300</b>	<b>2,008</b>		<b>23,308</b>
<b>Medical and Operating Costs</b>				
Medical Costs	15,333	1,604		16,937
Operating Costs	3,620	212		3,832
Depreciation and Amortization	222	9	14 <sup>(4)</sup>	245
<b>Total Medical and Operating Costs</b>	<b>19,175</b>	<b>1,825</b>	<b>14</b>	<b>21,014</b>
<b>Earnings From Operations</b>				
	2,125	183	(14)	2,294
Interest Expense	(71)	(1)	(6) <sup>(10)</sup>	(78)
<b>Earnings Before Income Taxes</b>	<b>2,054</b>	<b>182</b>	<b>(20)</b>	<b>2,216</b>
Provision for Income Taxes	(736)	(63)	7 <sup>(11)</sup>	(792)
<b>Net Earnings</b>	<b>\$ 1,318</b>	<b>\$ 119</b>	<b>\$ (13)</b>	<b>\$ 1,424</b>
<b>Basic Net Earnings Per Common Share</b>	<b>\$ 2.23</b>	<b>\$ 3.05</b>		<b>\$ 2.26</b>
<b>Diluted Net Earnings Per Common Share</b>	<b>\$ 2.13</b>	<b>\$ 2.88</b>		<b>\$ 2.16</b>
<b>Basic Weighted-Average Number of Common Shares Outstanding</b>				
	592.0	39.1		630.6 <sup>(12)</sup>
<b>Weighted-Average Number of Common Shares Outstanding, Assuming Dilution</b>				
	620.0	41.4		658.6 <sup>(12)</sup>

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

Year Ended December 31, 2002

(Unaudited)

(In millions, except per share amount)

	Historical UnitedHealth Group	Historical MAMSI	Pro Forma Adjustments	Pro Forma Combined
<b>Revenues</b>				
Premiums	\$ 21,906	\$ 2,269	\$	\$ 24,175
Services	2,894	44		2,938
Investment and Other Income	220	15		235
<b>Total Revenues</b>	<b>25,020</b>	<b>2,328</b>		<b>27,348</b>
<b>Medical and Operating Costs</b>				
Medical Costs	18,192	1,907		20,099
Operating Costs	4,387	262		4,649
Depreciation and Amortization	255	11	19 <sub>(4)</sub>	285
<b>Total Medical and Operating Costs</b>	<b>22,834</b>	<b>2,180</b>	<b>19</b>	<b>25,033</b>
<b>Earnings From Operations</b>				
	2,186	148	(19)	2,315
Interest Expense	(90)	(1)	(11) <sup>(10)</sup>	(102)
<b>Earnings Before Income Taxes</b>				
	2,096	147	(30)	2,213
Provision for Income Taxes	(744)	(50)	11 <sub>(11)</sub>	(783)
<b>Net Earnings</b>	<b>\$ 1,352</b>	<b>\$ 97</b>	<b>\$ (19)</b>	<b>\$ 1,430</b>
<b>Basic Net Earnings Per Common Share</b>				
	\$ 2.23	\$ 2.49		\$ 2.22
<b>Diluted Net Earnings Per Common Share</b>				
	\$ 2.13	\$ 2.34		\$ 2.12
<b>Basic Weighted-Average Number of Common Shares Outstanding</b>				
	606.8	39.2		645.4 <sub>(12)</sub>
<b>Weighted-Average Number of Common Shares Outstanding, Assuming Dilution</b>				
	636.2	41.7		674.8 <sub>(12)</sub>

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

As of September 30, 2003

(Unaudited)

(In millions)

	Historical UnitedHealth Group	Historical MAMSI	Pro Forma Adjustments	Pro Forma Combined
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 2,067	\$ 9	\$	\$ 2,076
Short-Term Investments	373	646		1,019
Accounts Receivable, net	880	123		1,003
Assets Under Management	2,024			2,024
Deferred Income Taxes and Other	427	50		477
<b>Total Current Assets</b>	<b>5,771</b>	<b>828</b>		<b>6,599</b>
Long-Term Investments	4,514	22		4,536
Property, Equipment, Capitalized Software and Other Assets, net	1,054	100	20 <sup>(3)</sup>	1,174
Goodwill	3,424		2,004 <sup>(2)</sup>	5,428
Intangible Assets, net	139		360 <sup>(2)(4)</sup>	499
<b>Total Assets</b>	<b>\$ 14,902</b>	<b>\$ 950</b>	<b>\$ 2,384</b>	<b>\$ 18,236</b>
<b>Liabilities and Shareholders' Equity</b>				
Current Liabilities				
Medical Costs Payable	\$ 4,043	\$ 340	\$	\$ 4,383
Accounts Payable and Accrued Liabilities	1,590	88	62 <sup>(5)</sup>	1,740
Other Policy Liabilities	1,802			1,802
Short-Term Debt and Current Maturities of Long-Term Debt	350			350
Unearned Premiums	474	56		530
<b>Total Current Liabilities</b>	<b>8,259</b>	<b>484</b>	<b>62</b>	<b>8,805</b>
Long-Term Debt, less current maturities	1,400		609 <sup>(1)(6)</sup>	2,009
Deferred Income Taxes and Other Liabilities	497	5	126 <sup>(2)(7)</sup>	628
Shareholders' Equity				
Common Stock	6	1	(1) <sup>(8)</sup>	6
Additional Paid-In Capital		673	(673) <sup>(8)</sup>	2,048
Treasury Stock		(332)	2,048 <sup>(1)(9)</sup>	
Stock Compensation Trust		(427)	332 <sup>(8)</sup>	
Retained Earnings	4,584	535	427 <sup>(8)</sup>	4,584
Accumulated Other Comprehensive Income:			(535) <sup>(8)</sup>	
Net Unrealized Gains on Investments, net of tax effects	156	11	(11) <sup>(8)</sup>	156

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Total Shareholders	Equity	4,746	461	1,587	6,794
Total Liabilities and Shareholders	Equity	\$ 14,902	\$ 950	\$ 2,384	\$ 18,236



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

- (1) The unaudited pro forma condensed combined financial information gives effect to the issuance of UnitedHealth Group common stock and cash based upon the exchange ratio of 0.82 shares of UnitedHealth Group common stock and \$18.00 of cash for each outstanding share of MAMSI common stock. The cash component of the merger consideration could be decreased and the stock component increased if required to preserve the intended treatment of the merger for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as explained under the caption *The Merger Agreement Tax Adjustment* beginning on page . The average market price per share of UnitedHealth Group common stock of \$53.05 is 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 results in an estimated purchase price of \$2,695 million (\$2,048 million in stock, \$609 million in cash and \$38 million of estimated transaction costs) as follows (in millions, except per share amounts):

**Stock Consideration**

UnitedHealth Group average market price per share	\$ 53.05	
Exchange ratio	0.82	
	<u>          </u>	
Equivalent per share consideration	\$ 43.50	
Outstanding shares of MAMSI at October 26, 2003	47.07 <sup>(a)</sup>	
	<u>          </u>	
Fair Value of UnitedHealth Group shares to be issued		\$ 2,048

**Cash Consideration**

Per share cash consideration	\$ 18.00	
Net outstanding shares of MAMSI	47.07 <sup>(a)</sup>	
	<u>          </u>	
Cash to be paid	\$ 847	
Cash estimated to be received from stock option exercises	(238) <sup>(b)</sup>	
	<u>          </u>	
Net cash to be paid		609
Estimated transaction costs		38
		<u>          </u>
Estimated purchase price		<u>\$ 2,695</u>

(a) Assumes MAMSI stock options are to be exercised in full. MAMSI stock options become fully exercisable prior to the closing of the transaction and will be canceled if not exercised prior to the effective time of the merger.

(b) Assumes MAMSI stock options will be exercised by cash payment of the exercise price.

- (2) The estimated purchase price of \$2,695 million has been preliminarily allocated to acquired tangible and intangible assets and liabilities based upon their estimated fair values as of June 30, 2003 as detailed below (in millions):

Estimated purchase price	\$ 2,695
Net tangible assets MAMSI September 30, 2003 balance sheet	(461)
Estimated fair value adjustment land and buildings	(20)
MAMSI employment agreements liability due to change in control	24
	<u>          </u>
Total excess purchase price	2,238
Estimated finite-lived intangible assets	(360)
Deferred tax liability for finite-lived intangible assets	126
	<u>          </u>

Estimated goodwill

\$ 2,004

- (3) Represents the estimated increase in MAMSI property value as a result of land and building appraisals to be completed at closing.

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- (4) Finite-lived intangible assets and the associated incremental amortization expense have been estimated as follows (in millions):

	Estimated Fair Value	Estimated Useful Life	Estimated Annual Amortization	Estimated Nine-Months Amortization
Member list	\$ 340	20	\$ 17	\$ 12
Provider and hospital networks	17	20	1	1
Non-compete agreements	3	3	1	1
	<u>\$ 360</u>		<u>\$ 19</u>	<u>\$ 14</u>

- (5) Represents an accrual of \$38 million for transaction costs and \$24 million for additional liabilities to be settled under MAMSI employment agreements as a result of the acquisition.
- (6) Represents the borrowing of the net cash to be paid as consideration in the transaction as detailed in note (1).
- (7) 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 income tax purposes.
- (8) Represents the elimination of MAMSI's equity accounts.
- (9) Represents the issuance of UnitedHealth Group stock as consideration paid in the transaction as detailed in note (1).
- (10) Represents the estimated interest expense associated with borrowing the net \$609 million cash to be paid as consideration in the transaction. The interest rates are based on our current plans of issuing five-year floating-rate debt and our estimated borrowing rates of 1.9% during the year ended December 31, 2002 and 1.4% during the nine month period ended September 30, 2003 for such debt.
- (11) Represents the pro forma tax effect of the acquisition of MAMSI based upon the statutory federal income tax rate of 35%.
- (12) Represents the increase in weighted average shares outstanding assuming the issuance of 38.6 million shares of UnitedHealth Group common stock at the beginning of the period presented. The share issuance is based upon the 47.07 million outstanding shares of MAMSI stock multiplied by the 0.82 exchange ratio as detailed in note (1).

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

In the following table, UnitedHealth Group and MAMSI provide you with historical and unaudited pro forma combined per share data, after giving effect to the merger and the issuance of 0.82 shares of UnitedHealth Group common stock and the payment of \$18.00 in cash in exchange for each share of MAMSI common stock. The cash component of the merger consideration could be decreased and the stock component increased if required to preserve the intended treatment of the merger for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as explained under the caption *The Merger Agreement Tax Adjustment* beginning on page of this proxy statement/prospectus. This data should be read along with the selected consolidated historical financial data and the historical financial statements of UnitedHealth Group and MAMSI and the notes thereto that are included in Annexes D, E, G, H, I, J, K, M and N and attached hereto and made part hereof. 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 MAMSI equivalent pro forma combined per share data is calculated by multiplying the pro forma combined UnitedHealth Group per share amounts by the exchange ratio of 0.82.

	As of or For the Year Ended December 31, 2002	As of or For the Nine Months Ended September 30, 2003
<b>UnitedHealth Group Historical Per Common Share:</b>		
Basic Net Earnings Per Common Share	\$ 2.23	\$ 2.23
Diluted Net Earnings Per Common Share	\$ 2.13	\$ 2.13
Book Value Per Common Share	\$ 7.39	\$ 8.13
Cash Dividends Per Common Share	\$ 0.015	\$ 0.015
<b>MAMSI Historical Per Common Share:</b>		
Basic Net Earnings Per Common Share	\$ 2.49	\$ 3.05
Diluted Net Earnings Per Common Share	\$ 2.34	\$ 2.88
Book Value Per Common Share	\$ 7.38	\$ 9.65
Cash Dividends Per Common Share	\$	\$
<b>Pro Forma Combined Per UnitedHealth Group Common Share:</b>		
Basic Net Earnings Per Common Share	\$ 2.22	\$ 2.26
Diluted Net Earnings Per Common Share	\$ 2.12	\$ 2.16
Book Value Per Common Share	n/a	\$ 10.91
Cash Dividends Per Common Share	n/a	\$ 0.015
<b>Pro Forma Combined Per MAMSI Equivalent Common Share:</b>		
Basic Net Earnings Per Common Share	\$ 1.82	\$ 1.85
Diluted Net Earnings Per Common Share	\$ 1.74	\$ 1.77
Book Value Per Common Share	n/a	\$ 8.95
Cash Dividends Per Common Share	n/a	\$ 0.012

n/a not required to be presented.

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**RISK FACTORS**

*Before you vote for adoption of the merger agreement, you should carefully consider the risks described below in addition to the other information contained in this proxy statement/prospectus, including the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page . By voting in favor of the merger, you will be choosing to invest in UnitedHealth Group common stock. The risks and uncertainties described below are not the only ones facing UnitedHealth Group. Additional risks and uncertainties that we believe are now immaterial may also impair UnitedHealth Group's business, or the anticipated results of the merger. If any of the following risks actually occur, UnitedHealth Group's business, financial condition or results of operations could be materially adversely affected, the value of UnitedHealth Group's common stock could decline and you may lose all or part of your investment.*

**Risks Associated with the Merger**

*The anticipated benefits of acquiring MAMSI may not be realized.*

UnitedHealth Group and MAMSI entered into the merger agreement with the expectation that the merger will result in various benefits including, among other things, benefits relating to enhanced revenues, a strengthened market position for UnitedHealth Group in the mid-Atlantic region, cross selling opportunities, technology, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether UnitedHealth Group integrates MAMSI in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues, diversion of management's time and energy and could materially impact UnitedHealth Group's business, financial condition and operating results.

*UnitedHealth Group may have difficulty and incur substantial costs in integrating MAMSI.*

UnitedHealth Group has acquired approximately 40 businesses over the last six years. Although UnitedHealth Group has not experienced any material unanticipated difficulties or expenses in connection with integrating these acquisitions, the possibility exists such difficulties or expenses could be experienced in connection with the MAMSI acquisition, especially given the relatively large size of the proposed transaction. The time and expense associated with converting the business to a common platform and negotiating amended or new contracts with physicians, other health care professionals and facilities, as well as other service providers may exceed management's expectations and limit or delay the intended benefits of the transaction. Similarly, the process of combining sales and marketing and network management forces, consolidating administrative functions, and coordinating product and service offerings can take longer, cost more, and provide fewer benefits than initially projected. To the extent any of these events occurs, the value of the transaction may be reduced, at least for a period of time.

Integrating MAMSI will be a complex, time-consuming and expensive process. Before the merger, UnitedHealth Group and MAMSI operated independently, each with its own business, products, customers, employees, culture and systems.

UnitedHealth Group may face substantial difficulties, costs and delays in integrating MAMSI. These factors may include:

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potential difficulty in leveraging the value of the separate technologies of the combined company;

perceived adverse changes in product offerings available to customers or customer service standards, whether or not these changes do, in fact, occur;

managing customer and provider overlap and potential pricing conflicts;

costs and delays in implementing common systems and procedures;

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difficulty integrating differing distribution models;

charges to earnings resulting from the application of purchase accounting to the transaction;

difficulty comparing financial reports due to differing management systems;

diversion of management resources from the business of the combined company;

potential incompatibility of business cultures and philosophies;

the retention of existing customers of each company;

reduction or loss of customer orders due to the potential for market confusion, hesitation and delay;

retaining and integrating management and other key employees of the combined company; and

coordinating infrastructure operations in an effective and efficient manner.

After the merger, we may seek to combine certain operations and functions using common information and communication systems; operating procedures; financial controls; and human resource practices, including training, professional development and benefit programs. We may be unsuccessful in implementing the integration of these systems and processes. UnitedHealth Group operates in all fifty states as well as internationally and conducts business through four related but distinct business segments. UnitedHealth Group employs over 32,000 people. For 2002, UnitedHealth Group's revenues were approximately \$25 billion. By contrast, MAMSI's operations are concentrated in six states and the District of Columbia, it has approximately 3,315 employees and, for 2002, its revenues aggregated \$2.33 billion. While the companies believe they share similar cultural characteristics and philosophies, the differences in size and scope of operations may affect the companies' management processes.

Any one or all of these factors may cause increased operating costs, worse than anticipated financial performance or the loss of customers and employees. Many of these factors are also outside the control of either company.

*We must obtain several governmental and other consents to complete the merger, which, if delayed, not granted or granted with unacceptable conditions may jeopardize or postpone the merger, result in additional expense or reduce the anticipated benefits of the transaction.*

We must obtain specified approvals and consents in a timely manner from federal and state agencies prior to the completion of the merger. If we do not receive these approvals on terms that satisfy the merger agreement, then we will not be obligated to complete the merger. The governmental agencies from which we seek approvals have broad discretion in administering the regulations. As a condition to approval of the merger, agencies may impose requirements, limitations or costs that could negatively affect the way the combined companies conduct business. UnitedHealth Group is not obligated to complete the merger if an agency imposes a requirement, limitation or additional cost that would reasonably be expected to have a material adverse effect on UnitedHealth Group or MAMSI or that would materially impair the anticipated long-term benefits of the merger. If UnitedHealth Group decides to agree to any material requirements, limitations or costs in order to obtain any approvals required to complete the merger, these requirements, limitations or additional costs could adversely affect UnitedHealth Group's ability

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to integrate the business of MAMSI or reduce the anticipated benefits of the merger. The merger is subject to the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the HSR Act, which prevents certain acquisitions from being completed until required information and materials are furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and certain waiting periods are terminated or expire. UnitedHealth Group filed its HSR Act notification form on November 3, 2003 and subsequently voluntarily withdrew such filing to allow additional time for the Antitrust Division of the Department of Justice to review the proposed transaction. UnitedHealth Group refiled its HSR Act notification form on December 5, 2003. The parties expect that the transaction will close in the first quarter of 2004.



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UnitedHealth Group is required to file State Department of Insurance Form A Filings in Maryland, North Carolina and Pennsylvania. All filings were made shortly after the public announcement of the proposed transaction. The parties are working with the insurance regulators to address the statutory approval requirements and expect to receive the necessary approvals for these Form A filings early in the first quarter of 2004.

UnitedHealth Group is also required to file State Department of Insurance Form E filings in five additional jurisdictions. These filings were also made shortly after the public announcement of the proposed transaction and all such Form E approvals have either been obtained or are expected shortly.

No material commercial third party consents or approvals are required in connection with the proposed transaction.

*The value of the shares of UnitedHealth Group common stock that MAMSI stockholders receive in the merger will vary as a result of the fixed exchange ratio and fluctuations in the price of UnitedHealth Group's common stock.*

At the effective time of the merger, each outstanding share of MAMSI common stock will be converted into 0.82 shares of UnitedHealth Group common stock and \$18.00 in cash. The ratio at which the shares will be converted is fixed and any changes in the price of UnitedHealth Group common stock will affect the value of the consideration that MAMSI stockholders receive in the merger such that if the price of UnitedHealth Group common stock declines prior to completion of the merger, the value of the merger consideration to be received by MAMSI stockholders will decrease. Stock price variations could be the result of changes in the business, operations or prospects of UnitedHealth Group, MAMSI or the combined company, market assessments of the likelihood that the merger will be completed within the anticipated time or at all, general market and economic conditions and other factors which are beyond the control of UnitedHealth Group or MAMSI. Recent market prices of UnitedHealth Group common stock and MAMSI common stock are set forth on page \_\_\_\_\_ under the heading Market Price and Dividend Information.

In order to preserve the intended treatment of the merger for U.S. Federal income tax purposes as a reorganization with the meaning of Section 368(a) of the Internal Revenue Code, the cash component of the merger consideration could be decreased and the stock component increased if on the effective date the aggregate value of the total UnitedHealth Group shares of common stock to be delivered to specified MAMSI stockholders (i.e. all MAMSI stockholders other than the Stock Compensation Trust and those who acquire their shares of MAMSI common stock from the Stock Compensation Trust or from MAMSI after October 26, 2003) is less than 45% of the value of the total consideration to be delivered to those MAMSI stockholders (which, for this purpose, includes amounts paid in lieu of fractional shares and amounts paid to dissenters), as explained under the caption The Merger Agreement Tax Adjustment, beginning on page \_\_\_\_\_ of this proxy statement/prospectus.

We encourage MAMSI stockholders to obtain current market quotations for UnitedHealth Group common stock and MAMSI common stock. The price of UnitedHealth Group common stock and MAMSI common stock at the effective time of the merger may vary from their prices on the date of this proxy statement/prospectus. The historical prices of UnitedHealth Group's common stock and MAMSI's common stock included in this proxy statement/prospectus are not indicative of their prices on the date the merger is effective. The future market prices of UnitedHealth Group common stock and MAMSI common stock cannot be guaranteed or predicted.

*A MAMSI stockholder's receipt of cash in the merger may result in the recognition of taxable income.*

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Assuming the merger is treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, MAMSI stockholders generally will recognize gain but not loss, for U.S. federal income tax purposes as a result of the merger but generally will not recognize gain in

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excess of the cash they receive in the merger. For further information concerning U.S. federal income tax consequences of the merger, please see Material U.S. Federal Income Tax Consequences of the Merger, beginning on page .

*The merger may result in a loss of customers and partners.*

Some customers may seek alternative sources of product and/or service after the announcement of the merger due to, among other reasons, a desire not to do business with the combined company or perceived concerns that the combined company may not continue to support and develop certain product lines. The combined company could experience some customer attrition by reason of announcement of the merger or after the merger. Difficulties in combining operations could also result in the loss of partners and potential disputes or litigation with customers, partners or others. Any steps by management to counter such potential increased customer or partner attrition may not be effective. Failure by management to control attrition could result in worse than anticipated financial performance.

*If the conditions to the merger are not met, the merger will not occur.*

Specified conditions set forth in the merger agreement must be satisfied or waived to complete the merger. If the conditions are not satisfied or waived, the merger will not occur or will be delayed, and UnitedHealth Group and MAMSI each may lose some or all of the intended benefits of the merger. The following conditions, in addition to other customary closing conditions, must be satisfied or waived before completion of the merger:

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

the waiting period under the HSR Act must have been terminated or expired;

specified governmental consents must be obtained without conditions which would reasonably be expected to have a material adverse effect on UnitedHealth Group or MAMSI or materially impair the anticipated long-term benefits of the merger;

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

each party must have received an opinion of counsel to the effect that the merger will qualify as a reorganization with the meaning of Section 368(a) of the Internal Revenue Code;

there must be no litigation or other proceeding by a governmental entity pending or threatened seeking (i) to prohibit the ownership or operation of MAMSI by UnitedHealth Group; (ii) to impair the ownership or operation of MAMSI by UnitedHealth Group (including by requiring disposal of assets) or (iii) damages, which, in the case of (ii) or (iii), would reasonably be expected to have a material adverse effect on UnitedHealth Group or MAMSI or materially impair the anticipated long-term benefits of the merger;

there must be no legal restraint in effect which would reasonably be likely to have any of the effects set forth in (i) through (iii) of the above bullet point;

the representations and warranties of each party set forth in the merger agreement must be true and correct without giving effect to any qualification as to materiality or material adverse effect, except where the failure to be true and correct would not reasonably be likely to have a material adverse effect on such party, in each case as of the date of the merger agreement and the date the merger is completed;

the parties to the merger agreement must have performed in all material respects all of their agreements and covenants required by the merger agreement; and

the registration statement, of which this proxy statement/prospectus is a part, must be effective under the Securities Act of 1933 and must not be the subject of any stop order or pending or threatened proceeding seeking a stop order.

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*UnitedHealth Group and MAMSI may waive one or more of the conditions to the merger without resoliciting stockholder approval for the merger.*

Each of the conditions to UnitedHealth Group's and MAMSI's obligations to complete the merger may be waived, in whole or in part, to the extent permitted by applicable law, by agreement of UnitedHealth Group and MAMSI if the condition is a condition to both UnitedHealth Group's and MAMSI's obligations to complete the merger, or by the party for which such condition is a condition of its obligation to complete the merger. The boards of directors of UnitedHealth Group and MAMSI will evaluate the materiality of any such waiver to determine whether amendment of this proxy statement/prospectus and resolicitation of proxies is necessary. However, UnitedHealth Group and MAMSI generally do not expect any such waiver to be significant enough to require resolicitation of stockholders. In the event that any such waiver is not determined to be significant enough to require resolicitation of stockholders, the companies will have the discretion to complete the merger without seeking further stockholder approval.

*Some directors and officers of MAMSI have interests that differ from those of MAMSI stockholders in recommending that MAMSI stockholders vote in favor of adoption of the merger agreement.*

Certain executive officers and directors of MAMSI have interests in the merger that are different from and in addition to the interests of MAMSI stockholders generally. Mark D. Groban, Chairman of the Board of Directors, Thomas P. Barbera, President and Chief Executive Officer, Robert E. Foss, Senior Executive Vice President and Chief Financial Officer, and Sharon C. Pavlos, Associate Senior Executive Vice President and General Counsel, have entered into employment agreements with UnitedHealth Group that become effective upon completion of the merger. These agreements provide for the payment of a post-merger integration bonus to such executive officers, subject to the discretion of UnitedHealth Group, in the following amounts: for Dr. Groban, up to \$650,000 per year, payable on the first anniversary of the effective date of his employment agreement; for Mr. Barbera and Mr. Foss, up to \$400,000 per year, payable on the first and second anniversaries of the effective dates of their employment agreements; and for Ms. Pavlos, up to \$300,000 per year, payable on the first and second anniversaries of the effective date of her employment agreement. Dr. Groban, Mr. Barbera, Mr. Foss and Ms. Pavlos also will receive change in control benefits upon completion of the merger estimated at the following aggregate amounts (assuming a closing date of February 1, 2004): for Dr. Groban, \$8,664,978; for Mr. Barbera, \$8,384,802; for Mr. Foss, \$6,082,271; and for Ms. Pavlos, \$3,202,775.

In addition, in connection with the merger, stock options granted to MAMSI executive officers and directors will become fully vested, to the extent they have not already become so, and immediately exercisable in accordance with MAMSI's stock option plans. Currently, Dr. Groban holds outstanding options for 842,750 shares of MAMSI common stock, with an exercise price range of \$8.31 to \$32.40 per share; Mr. Barbera holds options for 895,750 shares of MAMSI common stock, with an exercise price range of \$8.31 to \$32.40 per share; Mr. Foss holds options for 691,000 shares of MAMSI common stock, with an exercise price range of \$12.00 to \$32.40 per share; and Ms. Pavlos holds options for 345,000 shares of MAMSI common stock, with an exercise price range of \$16.75 to \$32.40 per share. All such options have become fully vested, or will become fully vested, prior to the consummation of the merger, and will not be subject to accelerated vesting as a consequence of the merger. However, it is expected that Dr. Groban, Mr. Barbera, Mr. Foss and Ms. Pavlos will be granted additional options to purchase shares of MAMSI common stock on January 1, 2004 at an exercise price equal to the fair market value of MAMSI common stock on such date pursuant to the terms of their existing employment agreements. To the extent these additional options are not fully vested and immediately exercisable upon grant, such options will be accelerated as a result of the merger and will become fully vested and immediately exercisable upon the consummation of the merger. See [Interests of Certain Persons in the Merger - Stock Options](#) beginning on [page 61](#).

UnitedHealth Group also agreed in the merger agreement to indemnify and provide liability insurance to MAMSI's officers and directors. The directors of UnitedHealth Group and MAMSI knew about these additional interests and considered them when they approved the merger.

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Such interests may influence directors in making their recommendation that you vote in favor of the merger agreement and officers in supporting the merger. For more information about these interests, please see [Interests of Certain Persons in the Merger](#) on page [10](#).

*The value of the shares of UnitedHealth Group common stock that MAMSI stockholders receive in the merger, as well as the percentage of the outstanding shares of capital stock of UnitedHealth Group held by MAMSI stockholders following the merger, may decline as a result of additional acquisitions by UnitedHealth Group in the future.*

UnitedHealth Group may, as part of its business strategy, pursue additional acquisitions of companies or businesses. Any acquisition strategy is subject to inherent risk and UnitedHealth Group cannot guarantee that it will be able to complete any acquisition, including the ability to identify potential partners, successfully negotiate economically beneficial terms, successfully integrate such business, retain its key employees and achieve the anticipated revenue, cost benefits or synergies. For example, in November 2003 UnitedHealth Group completed its acquisition of Golden Rule Financial Corporation for approximately \$500 million in cash. UnitedHealth Group may be unable to integrate Golden Rule's personnel and culture, employee benefits, products, supplier relationships and information technology into the larger UnitedHealth Group organization. Additionally, UnitedHealth Group may issue additional shares in connection with any future acquisition which could dilute the holdings of UnitedHealth Group common stock by former MAMSI stockholders.

## **Risks Related to UnitedHealth Group's Business**

*UnitedHealth Group must effectively manage its health care costs.*

Under risk-based product arrangements, UnitedHealth Group assumes the risk of both medical and administrative costs for its customers in return for a monthly premium. Premium revenues from risk-based products (excluding AARP) comprise approximately 75% of UnitedHealth Group's total consolidated revenues. UnitedHealth Group uses approximately 80% to 85% of its premium revenues to pay the costs of health care services delivered to its customers. The profitability of UnitedHealth Group's risk-based products depends in large part on its ability to predict accurately, price for, and manage effectively health care costs. Total health care costs are affected by the number of individual services rendered and the cost of each service. UnitedHealth Group's premium revenue is typically fixed in price for a 12-month period and is generally priced one to four months before contract commencement. Services are delivered and related costs are incurred when the contract commences. Although UnitedHealth Group bases the premiums it charges on its estimate of future health care costs over the fixed premium period, inflation, regulations and other factors may cause actual costs to exceed what was estimated and reflected in premiums. These factors may include increased use of services, increased cost of individual services, catastrophes, epidemics, the introduction of new or costly treatments, new mandated benefits or other regulatory changes, insured population characteristics and seasonal changes in the level of health care use. Relatively small differences between predicted and actual medical costs as a percentage of premium revenues can result in significant changes in UnitedHealth Group's financial results. For example, if medical costs increased by an additional one percent for UnitedHealthcare's commercial insured products, UnitedHealth Group's annual net earnings for 2002 would have been reduced by approximately \$70 million. In addition, the financial results UnitedHealth Group reports for any particular period include estimates of costs incurred for which the underlying claims have not been received by UnitedHealth Group or for which the claims have been received but not processed. If these estimates prove too high or too low, the effect of the change would be included in future results.

*UnitedHealth Group faces intense competition in many of its markets and customers have flexibility in moving between competitors.*

UnitedHealth Group's businesses compete throughout the United States and face significant competition in all of the geographic markets in which they operate. For UnitedHealth Group's Uniprise and Health Care Services businesses, competitors include Aetna, Anthem, Cigna,

Coventry, Humana, PacifiCare, Oxford,

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WellPoint, numerous for profit and not for profit organizations operating under licenses from the Blue Cross Blue Shield Association and other enterprises concentrated in more limited geographic areas. UnitedHealth Group's Specialized Care Services and Ingenix business segments also compete with a number of businesses. Moreover, UnitedHealth Group believes the barriers to entry in many markets are not substantial, so the addition of new competitors can occur relatively easily, and customers enjoy significant flexibility in moving to competitors. These competitors in particular markets may have capabilities that give them a competitive advantage. Greater market share, established reputation, superior supplier arrangements, existing business relationships, and other factors all can provide a competitive advantage. In addition, significant merger and acquisition activity has occurred in the industries in which UnitedHealth Group operates, both as to its competitors and suppliers to these industries. This level of consolidation makes it more difficult for UnitedHealth Group to retain or increase customers, to improve the terms on which it does business with its suppliers, and to maintain or advance its profitability.

*UnitedHealth Group's relationship with AARP is significant to its Ovarions business.*

Under UnitedHealth Group's 10-year contract with AARP which UnitedHealth Group entered into in 1998, UnitedHealth Group provides Medicare Supplement and Hospital Indemnity health insurance and other products to AARP members. As of September 30, 2003, UnitedHealth Group's portion of AARP's insurance program represented approximately \$3.9 billion in annual net premium revenue from approximately 3.7 million AARP members. UnitedHealth Group's AARP contract may be terminated early by UnitedHealth Group or AARP under certain circumstances, including a material breach by either party, insolvency of either party, a material adverse change in the financial condition of either party, and by mutual agreement. The success of UnitedHealth Group's AARP arrangement depends, in part, on UnitedHealth Group's ability to service AARP and its members, develop additional products and services, price the products and services competitively, and respond effectively to federal and state regulatory changes. Additionally, events that adversely affect AARP or one of its other business partners for its member insurance program could have an adverse effect on the success of UnitedHealth Group's arrangement with AARP. For example, if consumers were dissatisfied with the products AARP offered or its reputation, if federal legislation limited opportunities in the Medicare market, or if the services provided by AARP's other business partners were unacceptable, UnitedHealth Group's business could be adversely affected.

*The effects of the new Medicare reform legislation on UnitedHealth Group's business are uncertain.*

Recently enacted Medicare reform legislation is complex and wide-ranging. There are numerous provisions in the legislation that will influence UnitedHealth Group's business, although at this early stage, it is difficult to predict the extent to which UnitedHealth Group's businesses will be affected. While uncertain as to impact, UnitedHealth Group believes the increased funding provided in the legislation will intensify competition in the seniors health services market.

*UnitedHealth Group's business is subject to intense government scrutiny and UnitedHealth Group must respond quickly and appropriately to frequent changes in government regulations.*

UnitedHealth Group's business is regulated at the federal, state, local and international levels. The laws and rules governing UnitedHealth Group's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Existing or future laws and rules could force UnitedHealth Group to change how it does business, restrict revenue and enrollment growth, increase its health care and administrative costs and capital requirements, and increase its liability in federal and state courts for coverage determinations, contract interpretation and other actions. UnitedHealth Group must obtain and maintain regulatory approvals to market many of its products, to increase prices for certain regulated products and to consummate its acquisitions and dispositions. Delays in obtaining or UnitedHealth Group's failure to obtain or maintain these approvals could reduce its revenue or increase its costs.



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UnitedHealth Group participates in federal, state and local government health care coverage programs. These programs generally are subject to frequent change, including changes that may reduce the number of

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persons enrolled or eligible, reduce the amount of reimbursement or payment levels, or increase UnitedHealth Group's administrative or health care costs under such programs. Such changes have adversely affected UnitedHealth Group's financial results and willingness to participate in such programs in the past and may do so in the future.

State legislatures and Congress continue to focus on health care issues. Legislative and regulatory proposals at state and federal levels may affect certain aspects of UnitedHealth Group's business, including contracting with physicians, hospitals and other health care professionals; physician reimbursement methods and payment rates; coverage determinations; claim payments and processing; use and maintenance of individually identifiable health information; medical malpractice litigation; and government-sponsored programs. UnitedHealth Group cannot predict if any of these initiatives will ultimately become binding law or regulation, or, if enacted, what their terms will be, but their enactment could increase UnitedHealth Group's costs, expose it to expanded liability, require it to revise the ways in which it conducts business or put it at risk for a loss of business.

UnitedHealth Group is also subject to various governmental investigations, audits and reviews. Such oversight could result in UnitedHealth Group's loss of licensure or its right to participate in certain programs, or the imposition of civil or criminal fines, penalties and other sanctions. In addition, disclosure of any adverse investigation or audit results or sanctions could damage UnitedHealth Group's reputation in various markets and make it more difficult for it to sell its products and services. UnitedHealth Group is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by the Centers for Medicare and Medicaid Services, state insurance and health and welfare departments, and state attorneys general, the Office of Personnel Management, the Office of the Inspector General and U.S. Attorneys. The results of pending matters are always uncertain.

*UnitedHealth Group is dependent on its relationships with physicians, hospitals and other health care providers.*

UnitedHealth Group contracts with physicians, hospitals, pharmaceutical benefit service providers and pharmaceutical manufacturers, and other health care providers for favorable prices. A number of organizations are advocating for legislation that would exempt certain of these physicians and health care professionals from federal and state antitrust laws. In any particular market, these physicians and health care professionals could refuse to contract, demand higher payments, or take other actions that could result in higher health care costs, less desirable products for customers or difficulty meeting regulatory or accreditation requirements. In some markets, certain health care providers, particularly hospitals, physician/hospital organizations or multi-specialty physician groups, may have significant market positions or near monopolies that could result in diminished bargaining power on UnitedHealth Group's part.

*The nature of UnitedHealth Group's business exposes it to significant litigation risks and its insurance coverage may not be sufficient to cover some of the costs associated with litigation.*

Sometimes UnitedHealth Group becomes a party to the types of legal actions that can affect any business, such as employment and employment discrimination-related suits, employee benefit claims, breach of contract actions, tort claims, shareholder suits, and intellectual property-related litigation. In addition, because of the nature of UnitedHealth Group's businesses, it is routinely made party to a variety of legal actions related to the design, management and offerings of its services. These matters include, but are not limited to, claims related to health care benefits coverage, medical malpractice actions, contract disputes and claims related to disclosure of certain business practices. In 1999, a number of class action lawsuits were filed against UnitedHealth Group and virtually all major entities in the health benefits business. The suits are purported class actions on behalf of certain customers and physicians for alleged breaches of federal statutes, including ERISA and the Racketeer Influenced Corrupt Organization Act ( RICO ). Although the expenses which UnitedHealth Group has incurred to date in defending the 1999 class action have not been material to its business, it will continue to incur expenses in the defense of the 1999 class action litigation and other matters, even if they are without merit.



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Recent court decisions and legislative activity may increase UnitedHealth Group's exposure for any of these types of claims. In some cases, substantial non-economic, punitive and compensatory damages may be sought. UnitedHealth Group currently has insurance coverage for some of these potential liabilities. Other potential liabilities may not be covered by insurance, insurers may dispute coverage, or the amount of insurance may not be enough to cover the damages awarded. In addition, certain types of damages, such as punitive damages, may not be covered by insurance. The cost of general business insurance coverage has increased significantly following the events of September 11, 2001. As a result, UnitedHealth Group has increased the amount of risk that it self-insures, particularly with respect to matters incidental to its business. UnitedHealth Group records liabilities for its estimates of the probable costs resulting from self-insured matters. Although UnitedHealth Group believes the liabilities established for these risks are adequate, it is possible that the level of actual losses may exceed the liabilities recorded.

*UnitedHealth Group's businesses depend significantly on effective information systems and the integrity of the data it uses to run these businesses.*

UnitedHealth Group's ability to adequately price its products and services, provide effective and efficient service to its customers, and to accurately report its financial results depends significantly on the integrity of the data in UnitedHealth Group's information systems. As a result of UnitedHealth Group's acquisition activities, it has acquired additional systems. UnitedHealth Group has been taking steps to reduce the number of systems it operates and has upgraded and expanded its information systems capabilities. If the information UnitedHealth Group relies upon to run its businesses was found to be inaccurate or unreliable or if it fails to maintain effectively its information systems and data integrity, it could lose existing customers, have difficulty in attracting new customers, have problems in determining medical cost estimates and establishing appropriate pricing, have customer and physician and other health care provider disputes, have regulatory problems, have increases in operating expenses or suffer other adverse consequences.

UnitedHealth Group depends on independent third parties, such as IBM and Medco Health Solutions, Inc., with whom it has entered into agreements, for significant portions of its data center operations and pharmacy benefits management and processing. Even though UnitedHealth Group has appropriate provisions in its agreements with IBM and Medco, including provisions with respect to specific performance standards, covenants, warranties, audit rights, indemnification, and other provisions, UnitedHealth Group's dependence on these third parties makes its operations vulnerable to their failure to perform adequately under the contracts, due to internal or external factors. Although there are a limited number of service organizations with the size, scale and capabilities to effectively provide certain of these services, especially with regard to pharmacy benefits processing, UnitedHealth Group believes that other organizations could provide similar services on comparable terms. A change in service providers, however, could result in a decline in service quality and effectiveness or less favorable contract terms.

*UnitedHealth Group must comply with emerging restrictions on patient privacy, including taking steps to ensure compliance by its business associates who obtain access to sensitive patient information when providing services to UnitedHealth Group.*

The use of individually identifiable data by UnitedHealth Group's businesses is regulated at international, federal and state levels. These laws and rules are changed frequently by legislation or administrative interpretation. Varying state laws address the use and maintenance of individually identifiable health data. Most are derived from the privacy provisions in the federal Gramm-Leach-Bliley Act and HIPAA. HIPAA also imposes guidelines on UnitedHealth Group's business associates (as this term is defined in the HIPAA regulations). Even though UnitedHealth Group provides for appropriate protections through its contracts with its business associates, it still has limited control over their actions and practices. Compliance with emerging proposals and new regulations may result in cost increases due to necessary systems changes, the development of new administrative processes, and the effects of potential noncompliance by UnitedHealth Group's business

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associates. They also may impose further restrictions on UnitedHealth Group's use of patient identifiable data that is housed in one or more of UnitedHealth Group's administrative databases.

*UnitedHealth Group's knowledge and information-related businesses depend significantly on maintaining proprietary rights to its databases and related products.*

UnitedHealth Group relies on its agreements with customers, confidentiality agreements with employees, and its trade secrets, copyrights and patents to protect its proprietary rights. These legal protections and precautions may not prevent misappropriation of its proprietary information. In addition, substantial litigation regarding intellectual property rights exists in the software industry, and UnitedHealth Group expects software products to be increasingly subject to third-party infringement claims as the number of products and competitors in this industry segment grows. Such litigation and misappropriation of UnitedHealth Group's proprietary information could hinder its ability to market and sell products and services.

*The effects of the war on terror and future terrorist attacks could have a severe impact on the health care industry.*

The terrorist attacks launched on September 11, 2001, the war on terrorism, the threat of future acts of terrorism and the related concerns of customers and providers have negatively affected, and may continue to negatively affect, the U.S. economy in general and UnitedHealth Group's industry specifically. Depending on the government's actions and the responsiveness of public health agencies and insurance companies, future acts of terrorism and bio-terrorism could lead to, among other things, increased use of health care services including, without limitation, hospital and physician services; loss of membership in health plans UnitedHealth Group administers as a result of lay-offs or other reductions of employment; adverse effects upon the financial condition or business of employers who sponsor health care coverage for their employees; disruption of UnitedHealth Group's information and payment systems; increased health care costs due to restrictions on UnitedHealth Group's ability to carve out certain categories of risk, such as acts of terrorism; and disruption of the financial and insurance markets in general.

*The market price of UnitedHealth Group's common stock may be particularly sensitive due to the nature of the business in which it operates.*

The market prices of the securities of the publicly-held companies in UnitedHealth Group's industry have shown volatility and sensitivity in response to many external factors, including general market trends, public communications regarding managed care, litigation and judicial decisions, legislative or regulatory actions, health care cost trends, pricing trends, competition, earnings, membership reports of particular industry participants and acquisition activity. Despite UnitedHealth Group's specific outlook or prospects, the market price of UnitedHealth Group's common stock may decline as a result of any of these external factors.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this proxy statement/prospectus referring to UnitedHealth Group or MAMSI, including the Annexes attached hereto and made part hereof, and may include statements regarding the period following completion of the merger. These statements are intended to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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These forward-looking statements are based on current projections about operations, industry, financial condition and liquidity. Words such as may, will, should, plan, predict, potential, anticipate, estimate, expect, project, intend, believe and words and terms of similar connection

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with any discussion of future operating or financial performance, the merger or our businesses, identify forward- looking statements. You should note that the discussion of UnitedHealth Group's and MAMSI's reasons for the merger and the description of MAMSI's financial advisors' opinions contain many forward-looking statements that describe beliefs, assumptions and estimates as of the indicated dates and those forward-looking expectations may have changed as of the date of this proxy statement/prospectus. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements.

Health benefits companies operate in a highly competitive, constantly changing environment that is significantly influenced by aggressive marketing and pricing practices of competitors, regulatory oversight and organizations that have resulted from business combinations. The following is a summary of factors, the results of which, either individually or in combination, if markedly different from our planning assumptions, could cause our results to differ materially from those expressed in any forward-looking statements contained in this proxy statement/prospectus, including the Annexes attached hereto and made part hereof:

trends in health care costs and utilization rates

ability to secure sufficient premium rate increases;

competitor pricing below market trends of increasing costs;

increased government regulation of health benefits and managed care;

significant acquisitions or divestitures by major competitors;

introduction and utilization of new prescription drugs and technology;

a downgrade in our financial strength ratings;

litigation targeted at health benefits companies;

ability to contract with providers consistent with past practice;

general economic downturns;

the level of realization, if any, of expected cost savings and other synergies from the merger;

difficulties related to the integration of the business of UnitedHealth Group and MAMSI may be greater than expected; and

revenues following the merger may be lower than expected.

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The above list is not intended to be exhaustive and there may be other factors that would preclude us from realizing the predictions made in the forward-looking statements. Because such forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. UnitedHealth Group shareholders and MAMSI stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this proxy statement/prospectus or the date of the financial advisors' opinions.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to UnitedHealth Group or MAMSI or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, neither UnitedHealth Group nor MAMSI undertakes any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.



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**THE SPECIAL MEETING OF MAMSI STOCKHOLDERS**

This proxy statement/prospectus is furnished in connection with the solicitation of proxies from the holders of MAMSI common stock by the MAMSI board of directors for use at the special meeting of MAMSI stockholders. The purpose of the special meeting is for you to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated October 26, 2003, by and among UnitedHealth Group, MU Acquisition LLC, a wholly owned subsidiary of UnitedHealth Group, and MAMSI, and the transactions contemplated by the merger agreement, including the merger of MAMSI with and into MU Acquisition LLC. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A and made part hereof.

This proxy statement/prospectus is first being furnished to MAMSI stockholders on or about \_\_\_\_\_, 2003.

**Date, Time and Place of the Special Meeting**

The special meeting will be held on \_\_\_\_\_, 2004 at 10:00 a.m. local time at the offices of MAMSI at 10 Taft Court, Rockville, Maryland 20850.

**Matters to be Considered at the Special Meeting**

At the special meeting, stockholders of MAMSI will be asked to (i) consider and vote upon a proposal to adopt the merger agreement, (ii) to consider and vote on a proposal to authorize the proxies 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 (iii) to transact such other business as may properly come before the special meeting or any postponements or adjournments thereof. Adoption of the merger agreement will also constitute approval of the merger and the other transactions contemplated by the merger agreement.

**Record Date and Shares Entitled to Vote**

MAMSI's board of directors has fixed the close of business on \_\_\_\_\_, 2003 as the record date for determination of MAMSI stockholders entitled to notice of and to vote at the special meeting. As of the close of business on \_\_\_\_\_, 2003, there were \_\_\_\_\_ shares of MAMSI common stock outstanding and entitled to vote, held of record by approximately \_\_\_\_\_ 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 MAMSI stockholder is entitled to one vote for each share of MAMSI common stock held as of the record date.

**Vote Required**

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Adoption of the merger agreement by MAMSI's stockholders is required by the Delaware General Corporation Law. Such adoption requires the affirmative vote of the holders of a majority of the shares of MAMSI common stock outstanding on the record date and entitled to vote at the special meeting. Authorizing the proxies 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 MAMSI stockholders representing a majority of the shares of MAMSI common stock present and entitled to vote at the special meeting. The directors and executive officers of MAMSI beneficially own approximately % of the outstanding shares of MAMSI common stock, including options exercisable within 60 days, as of the record date. As of the record date and the date of this proxy statement/prospectus, neither UnitedHealth Group nor any of its directors or officers owned any shares of MAMSI common stock.

### **Voting of Proxies; Revocation of Proxies**

If you vote your shares of MAMSI common stock by signing and returning the enclosed proxy in the enclosed prepaid and addressed envelope, by telephone or by the internet, your shares, unless your proxy is revoked, will be voted at the special meeting as you indicate on your proxy. If no instructions are indicated on

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your signed proxy card, your shares will be voted FOR adoption of the merger agreement and authorization of the proxies to vote for the adjournment or postponement of the special meeting for the purpose of soliciting additional votes.

You are urged to mark the box on the proxy card, following the instructions included on your proxy card, to indicate how to vote your shares. To vote by telephone or the Internet, please follow the instructions included on your proxy card. If you vote by telephone or the Internet you do not need to complete and mail your proxy card. Votes by telephone or the Internet must be received by &n