



STATE OF CONNECTICUT  
**NEWS RELEASE**

ATTORNEY GENERAL RICHARD BLUMENTHAL  
STATE TREASURER DENISE NAPIER

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WEDNESDAY, MAY 31, 2006

***CT ATTORNEY GENERAL, TREASURER JOIN LAWSUIT ALLEGING  
MANIPULATION OF UNITEDHEALTH GROUP STOCK OPTIONS***

Connecticut Attorney General Richard Blumenthal today joined a shareholder lawsuit charging that UnitedHealth Group, Inc., CEO Dr. William W. McGuire and the company's Board of Directors secretly manipulated stock options to enrich McGuire and other top executives at shareholders' expense.

Blumenthal acted on behalf of Connecticut Treasurer Denise Nappier, principal fiduciary of the \$23 billion state pension fund, which holds UnitedHealth Group stock.

According to the complaint, UnitedHealth's Board of Directors has since 1996 illegally allowed McGuire to pick the date on which he and other executives receive stock options. That permitted McGuire to effectively pick the options' price, guaranteeing him and other executives the largest possible profit at company expense. The illegal manipulation of option grant dates – which awarded McGuire \$1.6 billion in stock options, of which he still holds \$1.2 billion – was never disclosed to shareholders.

“We claim that UnitedHealth's CEO and other executives secretly bled the company with board's blessing,” Blumenthal said. “Connecticut demands an immediate halt to this illegal, immoral practice and return of ill-gotten gains to the company, as well as damages for stockholders.

“McGuire's greed was gargantuan. The board was the enabler – permitting McGuire to pick the stock purchase price and amass \$1.6 billion in stock options at the expense of shareholders and the company. This epic personal profiteering reflected manipulation, not corporate achievement. Gaming stock options to inflate executive pay violates the law's letter, as well as its spirit, diluting shareholder value to unjustly enrich executives,” Blumenthal added.

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**“Shareholders pay the price when board members are asleep at the switch, or worse yet, ignore the best interest of investors. That’s one of the critical lessons of the Enron debacle,” Nappier said. “Board members and corporate management must be held accountable for their actions, and their inaction.”**

**Nappier noted that the Connecticut pension fund, working to maximize recovery for shareholders, has served as lead plaintiff in a number of successful class action securities cases in recent years.**

**“Excessive CEO pay remains one of the largest stumbling blocks to fully restoring investor confidence in corporate America. Serious and substantial questions raised regarding the policies and procedures at UnitedHealth must be scrutinized meticulously and Connecticut is poised, as we have before, to help lead that effort,” Nappier added.**

**The employee retirement systems of Ohio and Mississippi have also joined the lawsuit. Connecticut, whose pension fund holds 381,000 shares of UnitedHealth with a market value of \$16.5 million, and the other states are asking the court make them lead plaintiffs in the case.**

**Nappier and Blumenthal noted that the alleged practice of dating stock options retroactively, central to the UnitedHealth lawsuit and a practice revealed in published reports as occurring at other major corporations, serves to undercut the “incentive” that stock options provide key executives by eliminating the need to add future value to company shares. Such a practice, therefore, diminishes, rather than adds, value to shares owned by investors.**

**The motion was filed in Federal District Court in Minnesota.**

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