PRESS RELEASE

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CalPERS, UnitedHealth Group Reach $895 Million Settlement in Class-Action Case - Includes Landmark Corporate Governance Reforms

SACRAMENTO, CA - The California Public Employees' Retirement System (CalPERS) today announced a proposed $895 million settlement of a class-action lawsuit brought against UnitedHealth Group over its stock-option grant practices. The settlement is subject to approval by the CalPERS Board of Administration, the UnitedHealth Group Board of Directors, and the court.

Peter Mixon, General Counsel of CalPERS, lead plaintiff in the class action lawsuit, said the proposed settlement also provides corporate governance reforms that will protect CalPERS and all shareowners in the future. "The corporate governance reforms achieved in the settlement are a major step forward in our broader effort to ensure that directors are responsible to shareowners, and I look forward to presenting it in the weeks ahead to our for Board action."

UnitedHealth representatives agreed to make key corporate governance changes, including a process for election of a shareowner-nominated director, enhanced standards for director independence, a mandated holding period for option shares acquired by executives, shareowner approval of any stock option re-pricing, and that incentive compensation take into consideration UnitedHealth's performance as compared to its peer group.

The lawsuit, filed on July 7, 2006, in the United States District Court for the District of Minnesota, alleged discrepancies between UnitedHealth's public statements about its profits, which were related to stock option grants to executives. CalPERS and several other investors sued the company after news reports focusing on the practice of allowing executives to set their stock purchase dates when share values were low, then selling them later when they were high. In September 2006, CalPERS was named lead plaintiff in the lawsuit.

The proposed settlement is believed to be the largest options backdating recovery in a class action. The United States District Court for Minnesota will evaluate the proposed terms and ultimately determine whether the settlement will be approved.

CalPERS holds 4.9 million UnitedHealth shares valued at about $127 million.
The pension fund was represented in the lawsuit by Coughlin Stoia Geller Rudman & Robbins LLP, which was appointed lead counsel for plaintiffs in the proceeding. The proposed settlement covers all defendants except former UnitedHealth Chief Executive Officer William McGuire and the company’s former General Counsel, who remain defendants in the action.

CalPERS is the nation’s largest public pension fund with assets totaling more than $235 billion. The System provides retirement and health benefits to 1.5 million State and local public employees, retirees and their families. For more information, visit www.calpers.ca.gov.

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