STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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In the Matter of: :

PROPOSED ACQUISITION OF CONTROL OF: :

OXFORD HEALTH PLANS (CT), INC., :
a Connecticut Health Care Center

Docket No. EX 04-57

by

UNITEDHEALTH GROUP INCORPORATED, a Minnesota :
corporation, and

RUBY ACQUISITION LLC, a Delaware limited liability
company :

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PROPOSED FINAL DECISION

I. INTRODUCTION

On May 8, The UnitedHealth Group Incorporated, a corporation organized under the laws of the State of Minnesota ("UHG" and "Applicant"), filed an Application on Form A with the Connecticut Insurance Department (the "Department") pursuant to sections 38a-186, 38a-188 and 38a-129 to 38a-140 of the Connecticut General Statutes requesting approval by the Insurance Commissioner of the State of Connecticut (the "Commissioner" or "Insurance Commissioner") for the Proposed Acquisition of control or merger (the "Proposed Acquisition" or "Merger") of Oxford Health Plans (CT), Inc., (the "HCC"), a health care center organized under the laws of the State of Connecticut and direct wholly-owned subsidiary of Oxford Health Plans, Inc. ("OXHP"), a Delaware corporation and the ultimate parent of the HCC. An Amended Form A was filed with the Department on May 17, 2004 ("Form A Application"). Supplemental information was subsequently requested by the Department and provided by the Applicants. The Form A Application was amended on May 27, 2004 to include Ruby Acquisition LLC ("Ruby" or "Applicant"), a newly formed limited liability company organized under the laws of the State of Delaware and a direct wholly-owned subsidiary of UnitedHealth Group Incorporated as an Applicant. UHG and Ruby are hereinafter referred to, collectively, as the "Applicant or Applicants". The Proposed Acquisition will be effected pursuant to an Agreement and Plan of Merger ("Agreement"), dated as of April 26, 2004, by and among UnitedHealth Group Incorporated; Ruby Acquisition LLC, and Oxford Health Plans, Inc.

On June 15, 2004, Insurance Commissioner Susan F. Cogswell ("Commissioner Cogswell") issued a notice of hearing, in which she ordered that a public hearing concerning the application for approval of the Proposed Acquisition of Control of the HCC be held on July 7, 2004. As a result of a scheduling conflict with the special stockholder meeting of OXHP called for July 7, 2004, that order was revised on June 17, 2004 to change the hearing date to July 8, 2004. The hearing notice was subsequently published in The Hartford Courant each day from June 22, 2004 to July 6, 2004, inclusive. The notice of hearing was also filed by the Department with the Office of the Secretary of State on June 17, 2004 and was published on the Department's Internet website. The Applicants and the HCC each waived their notice rights under section 38a-132 of the Connecticut General Statutes. On June 10, 2004, Commissioner Cogswell appointed the undersigned to preside over the July 8, 2004 public hearing. Commissioner Cogswell was in attendance for substantially all of the July 8, 2004 public hearing. In accordance with section 38a-8-48 of the Regulations of the Connecticut State Agencies, the following were designated as parties to this proceeding: the Applicants, HCC, and OXHP.

The following individuals participated in and/or testified at the public hearing on behalf of the Applicants, HCC, and OXHP:

> Robert J. Sheehy, CEO, UnitedHealthcare, Inc., and Member of the Board of Managers of Ruby Acquisition LLC;
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> Michael J. McDonnell, Esq., General Counsel, UnitedHealthcare, Inc. and Secretary, Ruby Acquisition LLC;
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> David Lubben, Esq., General Counsel, United Health Group Incorporated;
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> Charles Berg, President and CEO, Oxford Health Plans, Inc.;
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> Daniel Gregoire, Esq., Executive Vice President and General Counsel, Oxford Health Plans, Inc.;
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> Kurt Thompson, Executive Vice President and CFO, Oxford Health Plans, Inc.;
>
> Monica Noether, Ph.D., Vice President, Charles River Associates

Sam S.F. Caligiuri, Esq. and Thomas J. Groark, Jr., Esq. of Day, Berry & Howard LLP; and Robert J. Sullivan, Esq., Clifford Aronson, Esq., and Edward Welsh, Esq. of Skadden, Arps, Slate, Meagher & Flom LLP represented the Applicants. Chiahua Pan, Esq. of Sullivan & Cromwell represented HCC and OXHP.

Pursuant to the published hearing notice, the public was given an opportunity to speak at the hearing or to submit written comments no later than the close of business on July 8, 2004, by an Order dated June 17, 2004. No public officials or members of the public signed up to speak, spoke at the hearing, or submitted written testimony.

II. FINDINGS OF FACT

After reviewing the exhibits entered into the record of this proceeding, and based on the testimony of the witnesses, the undersigned makes the following findings of fact:

1. UHG is a publicly traded Minnesota general business corporation, formerly known as United HealthCare Corporation. UHG is the ultimate parent of all of the UnitedHealth Group entities. UHG was incorporated on January 25, 1977 as a Minnesota general business corporation and has not qualified to do business in any other jurisdiction since it functions primarily as a holding company. UHG serves approximately 52 million people through its subsidiary insurers, health maintenance organizations, third party administrators and other service providers. UHG's operating subsidiaries currently operate in all 50 states, the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands and internationally. UHG conducts its business primarily through four business segments: (a) Uniprise; (b) Health Care Services, which includes UnitedHealthCare, Ovations and AmeriChoice businesses; (c) Specialized Care Services; and (d) Ingenix. The principal offices of UHG are located at 9900 Bren Road East, Minnetonka, Minnesota 55343.

2. Ruby is a newly formed limited liability company organized under the laws of the State of Delaware and a direct wholly owned subsidiary of UnitedHealth Group Incorporated. Ruby was organized solely for the purpose of facilitating the Merger and conducts no business. The address of Ruby is: 1209 Orange Street, Wilmington, Delaware 19801.

3. The HCC is a domestic health care center currently licensed pursuant to Conn. Gen. Stat. §38a-175 et seq. to operate as a health care center. The HCC's principal

office is located at 48 Monroe Turnpike, Trumbull, Connecticut 06611. The HCC is a direct, wholly-owned subsidiary of Oxford Health Plans, Inc., a Delaware corporation. Oxford Health Plans, Inc. was formed in 1984 and is a managed health care company providing health benefits to members in New York and greater metropolitan areas in New Jersey, Connecticut, Rhode Island, Delaware and eastern portions of Pennsylvania. The HCC has over 75,000 members, comprised primarily of group commercial business.

4. OXHP currently directly owns 100% of the outstanding voting securities of HCC.

5. The HCC will be acquired when its ultimate parent, OXHP, is acquired by the Applicants. On April 26, 2004, UHG, Ruby and OXHP entered into the Agreement. Pursuant to the Agreement, OXHP shall be merged with and into Ruby. Following the merger, the separate corporate existence of OXHP will cease, and Ruby shall continue as the surviving entity as a wholly-owned subsidiary of Applicant and shall succeed to and assume all the rights and obligations of OXHP in accordance with Delaware law. Ruby will be renamed Oxford Health Plans LLC ("Oxford LLC"). Oxford LLC will directly own all of the outstanding voting securities of the HCC which will then become an indirect, wholly-owned subsidiary of Applicant.

6. Holders of OXHP common stock, other than holders perfecting appraisal rights in accordance with Delaware law, will receive 0.6357 shares of UHG common stock and $16.17 in cash for each share of OXHP common stock that they own (the "Merger Consideration"). The aggregate cash portion of the Merger

Consideration will be approximately $1.3 billion. OXHP stockholders will receive cash for any fractional shares that they would otherwise receive in the Merger. Each option to purchase OXHP common stock and right to receive or acquire OXHP common stock relating to an OXHP restricted stock unit or OXHP deferred stock unit, if any, will be assumed by UHG and each award will generally be converted into a similar award for shares of UHG common stock.

7. The source of the Merger Consideration is newly issued UHG stock and approximately $ 1.3 billion in cash financed through a bridge loan facility with JPMorgan Chase Bank, pursuant to which UHG may borrow up to $2 billion. UHG will have the flexibility to finance the cash portion of the Merger Consideration in one of two ways: first, through direct borrowings under the bridge facility and second, through issuing commercial paper, which is supported by the bridge facility, satisfying the rating agency requirement of having a committed credit facility available. UHG currently expects to use this flexibility by issuing commercial paper to fund the cash portion of the Merger Consideration, with maturities generally in the 30 – 90 day range, and then refinancing such original commercial paper with a subsequent issuance of commercial paper or with the proceeds of permanent financing. UHG will choose the method of refinancing on the basis of the market conditions that prevail at the time of such refinancing. In connection with the issuance of any commercial paper, UHG will not pledge its own securities or the securities of any of its subsidiaries or affiliates (including the securities of the Domestic Health Care

Center) and such subsidiaries and affiliates will not provide any guarantees of UHG's indebtedness.

8. The nature and amount of the consideration to be paid in connection with the proposed Merger was determined by arm's length negotiation between UHG and OXHP.

9. OXHP retained a financial advisor in connection with the Merger. OXHP's board of directors received a written opinion from its financial advisor that as of April 26, 2004, and based upon and subject to the qualifications and assumptions set forth therein, the merger consideration was fair, from a financial point of view, to OXHP's stockholders.

10. The Proposed Acquisition was approved by the board of directors of OXHP and the board of directors of UHG and the Merger Agreement was adopted by the OXHP stockholders. UHG has no present plans or proposals to declare an extraordinary dividend or to make other distributions.

11. UHG intends to cause OXHP to repay all outstanding indebtedness at or shortly after consummation of the Merger.

12. Except as provided in the Form A Application or the Form A Amendments, the Applicants have no plans or proposals to liquidate the HCC, sell its assets or merge it with any person or persons, or to make any other material change in the HCC's business operations, corporate structure or management or to cause the HCC to enter into material contracts, agreements, arrangements, understandings

or transactions of any kind with any party, other than certain customary inter-affiliate agreements for the provision of specified services subject to Connecticut's Insurance Holding Company Act, section 38a-129 of the Connecticut General Statutes *et seq*.

13. The Applicants currently have no plans to cause the HCC to withdraw from writing any lines of business, substantially reduce writings in any lines of business in Connecticut, or discontinue products presently offered by the HCC. In addition, the Applicants currently have no plans or proposals (including change of ownership or control) for any of the affiliates of the Applicants or the HCC which may have a material effect on the HCC.

14. Pursuant to the Merger, Oxford LLC will continue to be a Connecticut domiciled health care center and will maintain its requisite books and records in Connecticut in accordance with Section 38a-57 of the Connecticut General Statutes.

15. Oxford LLC will continue to maintain its separate existence and will continue to be managed from its current headquarters following consummation of the transactions contemplated by the Merger Agreement.

16. After the Merger, the following will be members of the board of directors of Oxford LLC:

Michael J. McDonnell- Director

William A. Munsell - Director

Robert J. Sheehy - Director

Kurt B. Thompson - Director

17. After the Merger, the following will be officers of Oxford LLC:

Charles Berg - CEO and President

Steven Black - Executive Vice President, Operations

Paul Conlin - Executive Vice President, Health Care Services

Kevin Hill - Executive Vice President, Sales & Business Development

Alan Muney – Executive Vice President & Chief Medical Officer

Kurt B. Thompson - Executive Vice President, CFO & Treasurer

Robert J. Sheehy – Chairman of the Board

William A. Munsell – Executive Vice President & Assistant Treasurer

Michael J. McDonell – Secretary

18. The biographical affidavits of the new members of the board of directors and officers of Oxford LLC, which include each individual's educational background, professional credentials, and employment history, are included in the record and the files of the Insurance Department.

19. Applicants have no current plans to change non-executive level employees or facilities of OXHP in Connecticut. The HCC does not have any employees.

20. Applicants will provide those employees who are employed by OXHP immediately prior to the Merger and who remain with the surviving entity (1) compensation and employee benefits no less favorable in the aggregate than those provided pursuant to OXHP employees immediately prior to the Merger or (2) compensation and employee benefits that are, in aggregate, no less favorable than

compensation and benefits provided to similarly situated employees of the Applicants.

21. OXHP employees will continue to participate in the OXHP Special Salary Continuation Plan which provides that if an employee's employment is terminated without cause or for good reason (as identified in the plan) within 18 months following the Merger, the employee will be entitled to receive severance ranging from one month to twelve months of salary depending on the employee's position and length of service.

22. A plan of operations for Oxford LLC, including 5 years of financial projections for Oxford LLC following the merger, are included in the record and the files of the Insurance Department.

23. UHG has reserved the right to make any changes following consummation of the Merger that it deems appropriate subject to a review of Oxford LLC's business, assets, corporate structure, dividend policy, capitalization, operations, properties, business policies, articles of incorporation, by-laws, management and personnel. The UHG will notify the Insurance Department of any such determinations and will submit required filings and applications prior to effecting such changes.

24. As of May 8, 2004, UHG has been assigned the following ratings: A for counterparty credit (Standard & Poors), A3 for issuer rating (Moodys), A for senior unsecured debt (Fitch) and A+ for financial strength (AM Best & Company). Standard & Poors, Moodys, AM Best and Fitch have each indicated to

UHG that they view the merger favorably and affirmed the current ratings upon the commencement of the merger.

25. As of May 8, 2004, OXHP has been assigned the following ratings: Ba1 for issuer rating (Moodys), BB+ for counterparty credit (Standard & Poors), A- for financial strength (AM Best & Company). On April 26, 2004, Standard & Poors placed its BB+ counterparty credit rating on Oxford and its BBB+ counterparty credit rating on Oxford Health Plans (NY), Inc. on CreditWatch with positive implications.

26. Following a comprehensive due diligence review and analysis using accepted valuation techniques, and a determination that the Merger Agreement and related agreements are advisable and in the best interests of the shareholders and stockholders, the Proposed Acquisition was approved by the boards of directors of UHG and OXHP.

27. Neither the Applicants nor any person controlled by the Applicants currently beneficially owns any voting securities issued by the HCC or OXHP.

28. Neither UHG nor any person controlled by UHG has any interest in any other securities of the HCC or OXHP including its notes, bonds and other corporate obligations.

29. Immediately following the consummation of the Merger, UHG will own 100% of the voting securities of Oxford LLC. OXHP currently directly owns 100% of the voting securities of HCC, and OXHP's ultimate successor, Oxford LLC, will

continue to own such securities immediately following the consummation of the Merger and the transactions completed by the Merger Agreement.

30. During the 12 calendar months preceding the filing of the application, neither the Applicants, nor any person controlling, controlled by or under common control with, the Applicants nor any of the executive officers or directors of the Applicants has effected transactions in any securities of the HCC or OXHP.

31. Neither the Applicants, nor its affiliates, nor any person listed as a director or executive officer of the Applicants, nor anyone based upon interviews or at the suggestion of such acquiring party made any recommendations to purchase any securities of HCC or OXHP during the 12 calendar months preceding the filing of the application.

32. Other than the Merger Agreement, there are no contracts, arrangements, understandings or agreements with broker-dealers as to the solicitation to any voting security of the HCC or OXHP in which the Applicants, any affiliates of the Applicants, or any person listed as a director or executive officer of the Applicants is involved.

33. As of December 31, 2003 and March 31, 2004, the HCC reported the following statutory balance sheet and income statement accounts (millions):

	December 31, 2003	March 31, 2004
Assets	$93.2	$88.6
Liabilities	$53.3	$51.1
Surplus	$39.9	$37.5
Net income (loss)	$7.5	$1.8
Premiums income	$298.5	$66.2

34. As of December 31, 2003 and March 31, 2004, UHG reported the following consolidated balance sheet and income statement accounts on a GAAP basis (billions):

	December 31, 2003	March 31, 2004
Assets	$17.6	$20.8
Liabilities	$12.5	$13.6
Stockholder's equity	$5.1	$7.2
Net earnings	$1.83	$.6
Premiums revenue	$25.4	$7.3

35. As a newly formed limited liability company formed solely to effectuate the acquisition, Ruby does not have audited or unaudited financial statements.

36. Connecticut subsidiaries of OXHP ("OXHP-CT") and Connecticut subsidiaries of UHC ("UHG-CT") report their premiums derived from the sale of health plan offerings in Connecticut under separate lines of business because UHG-CT and OXHP-CT offer different products and operate under different licenses in Connecticut. UHG-CT operates under the Connecticut insurance license of United HealthCare Insurance Company ("UHCIC") and does not have a health care center license in Connecticut. Therefore, UHG-CT reports its insurance premium revenue as accident and health insurance premium. OXHP-CT operates in Connecticut under the license of a health care center, as well as the license of Oxford Health Insurance, Inc. ("OXHI") which is a licensed health insurance company. The premium revenue of the HCC is reported as health premiums,

while the premium revenue of OXHI is reported as accident and health insurance premiums.

37. An analysis of the effect of the Merger was performed by aggregating the premiums reported for UHG-CT and OXHP-CT under the separate lines of business. Their respective market shares were derived by dividing their respective premiums reported in those lines of business by total premiums for all insurers operating in those lines of business. Using that analysis approach, UHG's Connecticut market share would be 2.8%, OXHP-CT's market share would be 4.4%, and their combined market share following consummation of the Merger would be 7.3%. The analysis is included in the record and the files of the Insurance Department.

38. The Applicants also provided the Department with a competitive impact analysis based on the Herfindahl-Hirschman Index ("HHI") used by the U.S. Department of Justice ("DOJ") in its Horizontal Merger Guidelines, which analysis is part of the record. The pre-merger HHI is 2,671, the HHI change is 25, and the post-merger HHI is 2,696. Also, according to the Horizontal Merger Guidelines, transactions in which post-merger HHI exceeds 1,800, mergers producing an increase in the HHI of less than 50 points are unlikely to have an adverse competitive impact.

39. Applicants utilized the services of Charles River Associates, an economics, finance, and business consulting firm which provided economic and financial

analysis of the effects of the Merger in Connecticut. The analysis is included in the record and the files of the Insurance Department.

40. The waiting period required by the Hart-Scott Rodino Anti-Trust Improvement Act of 1976 in connection with the Proposed Acquisition expired on July 16, 2004.

41. UHG has identified in its application the benefits Connecticut consumers will experience as a result of the Merger. UHG has stated that the Merger between OXHP and UHG provides a significant opportunity to improve access to affordable health services to employers and consumers in Connecticut. OHXP's ability to meet competitive pressures, serve employers and customers more efficiently and develop, introduce and administer products to respond to the need for affordable healthcare will be enhanced by UHG's size, scope and financial strength. OXHP will be able to leverage: (1) UHG's national provider network, wide ranging products and services and operational and technological capabilities to enhance its abilities to meet the needs of multi-location workforces with a Connecticut presence; (2) UHG's expertise and investment in technology to improve the delivery of health care services to individuals currently covered by OXHP. Access to OXHP's assets, brands and reputation will expand and enhance UHG's portfolio of products and services. The combined company will be able to achieve economies of scale, realize cost savings through potential operational synergies and leverage the experienced management teams and best practices from both organizations to provide more cost-effective, high quality products and services to consumers.

42. The Applicants are in the process of developing an integration plan with the management of OXHP, based in part upon its experience in developing integration plans with respect to prior acquisitions with adaptations made to the distinct needs and terms of the businesses, geographies, systems, processes and individuals impacted. The transition will be led by an executive steering committee, a transition manager, and will be supported by dedicated project management staff. All organizations will manage the integration with a focus on minimizing disruptions to current stakeholders, including customers and providers. The majority of business integration is anticipated to be completed over a 12-18 month period following the closing. A chart outlining the integration team structure, which will include employees from both the Applicants and Oxford LLC is included in the record and the files of the Insurance Department.

43. The preliminary estimate is that the integration will offer operational synergies of approximately $80 million to $100 million. The estimates of cost reduction synergies essentially fall into two categories: (1) network benefits of $70 to $80 million from network opportunities such as Oxford LLC's ability to access UHG's national networks and the combined businesses ability to utilize OXHP's broader local arrangements; (2) combined business efficiencies. Post completion of the merger, the synergy analysis will be revised as to scope, amount and timing.

44. On July 8, 2004, Robert J. Sheehy, CEO of UnitedHealthcare ("UHC") filed a letter with the Insurance Commissioner ("the Commitment Letter") which acknowledged that, in reviewing the Form A Application, the Insurance

Commissioner has an obligation to ensure that the Proposed Acquisition is in the public interest, namely the interest of the citizens of the State of Connecticut. The purpose of the Commitment Letter was to provide the Insurance Commissioner with the Applicants' formal commitments to the State of Connecticut and the people of the State of Connecticut after the acquisition of the HCC.

45. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, the combined businesses will feature a continued significant presence in the State of Connecticut. The Applicant has a strong presence in, and a continuing commitment to, the State of Connecticut. The Applicant and its affiliates occupy four facilities in Connecticut (located in Fairfield, Hartford, New Haven and Windsor) at which over 2100 employees currently work with a combined annual payroll of approximately $150 million, providing products and services to approximately 305,000 Connecticut enrollees. The Applicant has maintained a significant corporate presence in Hartford since 1995. With over 2000 employees at our 450 Columbus Boulevard offices, the Applicant ranks as Hartford County's 17th largest employer, and the 25th largest employer in the State of Connecticut.

46. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, in 2001, UHG signed a ten-year lease for over 440,000 square feet of space in its Hartford facility, and since then has subsequently invested nearly $20 million in building improvements, with additional investments planned for the future. UHG's commitment to the City of Hartford to utilize over 600 parking spaces through the

year 2010 was instrumental in the construction of the new Morgan Street garage and UHG has nearly 1400 daily parkers who use this facility.

47. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, HCC has approximately 1450 employees in the State of Connecticut, the vast majority of which are located in Trumbull, CT. HCC leases space in three buildings in Trumbull, Connecticut, and one building in Hartford, Connecticut, and occupies approximately 400,000 square feet of office space in those buildings. Following the closing, Oxford LLC will continue to occupy space in these Connecticut locations until December 31, 2007 or, in the case of HCC, May 31, 2006 (the date the current lease for such property expires).

48. The continued presence of the combined Applicant and Oxford LLC healthcare businesses in Connecticut should allow for a continuation of comparable levels of corporate and property tax revenues related to the combined businesses as are projected in the absence of the Proposed Acquisition for the foreseeable future.

49. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, since its formation in 2002, UHG has also been a charter member of the Insurance and Financial Services Cluster in the State of Connecticut, which seeks to foster collaborative industry activities in key areas that result in a more vibrant state and regional economy, such as improving the national perception of the state by promoting the strengths and benefits of the insurance and financial sector to top businesses and talent; improving the availability, quality and productivity of the workforce by enhancing interaction with local academic institutions; positively

influencing the business climate through a focus on tax and regulatory issues; and improving employment opportunities in the State by pursuing cost-effective shared services arrangements. The Applicant is committed to continuing its participation as a member of the Insurance and Financial Services Cluster in the State of Connecticut through at least December 31, 2007.

50. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, UHG, its affiliates, and their respective employees have a history of serving the citizens of Connecticut, not only through their business operations and community-based activities, but also through the health and well-being products and services they offer. In Connecticut, UHG issued over 800 commercial group policies as of the end of 2003. For that year, UHG paid a total of over $198 million in benefits to Connecticut-based groups and residents, and paid approximately $8.4 million in premium, income, sales and property taxes in Connecticut.

51. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, following the consummation of the Proposed Acquisition, Oxford LLC will continue to be a Connecticut-domiciled Domestic Health Care Center, and will maintain the requisite books and records in Connecticut.

52. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, the principal offices of Oxford LLC will remain in Trumbull, Connecticut, where there will continue to be a meaningful executive presence and where significant operational activities will remain.

53. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, the combined businesses in the Northeast region will continue to be led by Charles Berg, the current President and CEO of HCC. Given the critical importance of maintaining HCC's existing capabilities, certain current executives with OXHP who will join the combined businesses will continue to be located in Connecticut for the foreseeable future, including Charles Berg, Steven Black, Paul Conlin, Kevin Hill, Dr. Alan Muney, Kurt Thompson and Daniel Gregoire.

54. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, recognizing the importance of preserving OXHP's senior management team, the Applicants entered into new employment agreements with each of these executives, to take effect upon consummation of the Proposed Acquisition. Nevertheless, if any of these senior executive positions become vacant, it would be the Applicant's preference, to the extent practicable, to fill these positions in Oxford LLC's principal office in Connecticut, recognizing the need to fill the vacancy with the best qualified executive under the circumstances.

55. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, HCC currently has approximately 1450 employees in the State of Connecticut. HCC's annual salary expense relating to these employees is approximately $91 million. Based on the Applicant's due diligence, it has been very impressed with Oxford's culture, the commitment of its employees to providing high quality service as well as the overall quality of the people that OXHP has been able to attract. Moreover, the Applicant views the combined operations resulting from the Proposed Acquisition as a growing business, and expects continued growth, profitability

and employment opportunities from this business. Solely for the purpose of providing assurances as to the minimum level of employment that Oxford LLC would retain in the State of Connecticut, the Applicants intend to maintain at least 1300 Oxford LLC employees in the State of Connecticut for the two year period following the effective date of the Proposed Acquisition. Oxford LLC's Connecticut-based jobs following the consummation of the Proposed Acquisition will continue to represent a cross-section of executive, professional, middle management and other positions.

56. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, except for the reduction of approximately 20 or so HCC positions that relate to public company redundancies, the Applicants have no other current plans to reduce HCC employment levels. These commitments are understandably subject to Oxford LLC meeting its business plan objectives, the impact of industry-wide factors and the Applicant's final integration planning, which due to legal constraints cannot be completed until after the consummation of the Proposed Acquisition. The Applicants intend to explore ways to build upon the existing aggregate employment level for the combined business in the State of Connecticut, including building upon the service capabilities of United HealthCare Services, Inc. in the state.

57. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, after the closing of the Proposed Acquisition, all Oxford LLC employees to be employed by the Applicants will be eligible to apply for all jobs posted on the Applicant's

internal employment posting system on the same basis as employees of Applicant or its affiliates.

58. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, in the event that HCC employees are separated from service with the combined organization within eighteen months after OXHP's stockholders approve the Proposed Acquisition, severance packages will be provided to the affected HCC employees pursuant to HCC's change in control severance plan. This change in control severance plan provides for more generous severance packages than would be typically customary absent a change in control transaction. Any employees whose employment is terminated after this 18 month period would be eligible for severance pursuant to Applicant's severance practices. All severance benefit payments will be calculated, to the degree applicable, to take into account service with HCC as service with Applicant or its affiliates for purposes of determining benefits under the plan. In addition, consistent with Applicant's severance practices, outplacement services will be offered to any separated HCC employee after the closing of the Proposed Acquisition, also on the same basis and subject to the same requirements as similarly-situated Applicant employees. Moreover, any Applicant employee whose employment is terminated in connection with the integration of the two businesses will be entitled to severance benefits in accordance with the terms of Applicant's existing severance policy.

59. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, since HCC retirees receive no retirement medical, pension or other benefits, HCC retirees will not be affected in any way by the Proposed Acquisition.

60. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, in addition to the specific severance-related benefits described above, after the consummation of the Proposed Acquisition, the Applicant will provide to HCC employees transferred to Applicant and its affiliates the opportunity to participate in appropriate employee benefit plans and programs with benefits at least equal to those of the Applicant on the same basis as similarly-situated employees of the Applicant and its affiliates. Further, Applicant will credit service with HCC for purposes of eligibility and vesting under any employee benefit plans, programs or arrangements maintained by Applicant or its affiliates, unless this would result in duplication of benefits.

61. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, as of December 31, 2003, the Applicant does not expect any material reduction in its current employment level in Connecticut due to the Proposed Acquisition.

62. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, both the Applicant and HCC each work extensively with agents, brokers and other distribution channels in Connecticut. The commitment to the broker distribution system is shared by both companies and is one of the key rationales for the Proposed Acquisition. The companies intend to continue their commitment to these constituencies in Connecticut as a result of the Proposed Acquisition. One of the primary objectives for the Proposed Acquisition is the opportunity for the growth of the combined businesses. Such business growth should lead to increased opportunities to work with brokers, agents and other distribution channels in Connecticut.

63. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, Applicant and its affiliates expect to continue to maintain their charitable giving and philanthropic and community endeavors in Connecticut. The Applicant actively encourages employees to contribute both time and financial resources to charitable and civic organizations through a wide variety of supportive efforts. These initiatives will continue to be available to HCC employees when they become members of the Applicant's family.

64. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, the Applicants have been active in charitable giving and philanthropic and community endeavors in Connecticut. The Applicant is a "Red Cap" sponsor of the annual Heart Walk in Hartford, a corporate sponsor of the annual MS Walk in Hartford, and a title sponsor of the annual MS "Corporate Achievers" program, also in Hartford. With Applicant's encouragement and support, Applicant's employees in Connecticut actively volunteer in the communities in which they work and live. For example, Applicant's employees work with the Red Cross to organize on-site blood drives throughout the year; volunteer to harvest crops at local farms from June to August for foodshare programs for local shelters; prepare and serve food at a Hartford homeless shelter food kitchen twice each month; collect and donate school supplies each fall for Hartford area schools; and participate in a "Day of Caring" program, in which hundreds of employees spend a day in the community to perform landscaping, trash cleanup, home renovations and similar activities.

65. Pursuant to the Commitment Letter and the testimony of Mr. Sheehy, the Applicant also provides philanthropic support in Connecticut through the United Health Foundation, a non-profit, private foundation supported solely by UHG. The United Health Foundation was established in 1999 with a mission to support the health and medical decisions made by physicians, health professionals, community leaders and individuals that lead to better health outcomes and healthier communities. To support healthy communities, the United Health Foundation annually publishes America's Health: State Health Rankings, a comprehensive, state-by-state analysis of the relative healthiness of the American population. The rankings provide state-specific information and tools to stimulate public conversation about health and to facilitate citizen participation in improving the health of their communities and the nation as a whole.

66. The United Health Foundation has made contributions to the United Way in Hartford of approximately $50,000 and $10,000 in 2002 and 2003, respectively. OXHP have contributed approximately $60,000 and $100,000 in 2002 and 2003, respectively, to Connecticut-based charitable organizations. As a result, the aggregate contributions to Connecticut based charitable organizations by both entities was $110,000 in each of 2002 and 2003.

67. Following the closing of the Proposed Acquisition, Applicant will increase the aggregate level of charitable giving to Connecticut-based non-profits by Applicant, Oxford LLC, and their respective affiliates up to at least $1,000,000 annually for the four year period beginning on January 1, 2005 and ending on December 31, 2008. These charitable contributions will be made by Applicant (as

opposed to the United Health Foundation) in a manner determined by the senior management of Applicant, taking into consideration, among other things, (i) the recommendations of Applicant's local management, (ii) the geographic distribution of employees in the state, and (iii) the perceived need for the charitable organizations' activities in the state.

III. DISCUSSION

Section 38a-132(b) of the Connecticut General Statutes specifically requires the approval of the proposed acquisition of control of HCC unless it is determined that:

(A) After the change of control, HCC would not be able to satisfy the requirements for the issuance of a license to write the lines of business for which it is presently licensed;

(B) The effect of the merger or other acquisition of control would be to substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut;

(C) The financial condition of the acquiring party is such as might jeopardize the financial stability of HCC or prejudice the interests of its policyholders;

(D) The plans or proposals which the acquiring party has to liquidate the HCC, sell its assets or consolidate or merge it with any person, or make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of HCC and not in the public interest;

(E) The competence, experience and integrity of those persons who would control the operation of HCC are such that it would not be in the interest of the policyholders of HCC and of the public to permit the merger or other acquisition of control; or

(F) The acquisition of control of HCC is likely to be hazardous or prejudicial to those buying insurance.

A. The ability of the HCC to satisfy the requirements for the issuance of a license to write the line or lines of business for which it is presently licensed following the proposed acquisition of control.

The HCC is a domestic health care center currently licensed pursuant to Conn. Gen. Stat. §38a-175 et seq. to operate as a health care center. Section 38a-193(a)(2) of the Conn. Gen. Stat. requires that no health care center remain licensed in Connecticut unless (A) its net worth bears a reasonable relationship to its liabilities based upon the type, volume and nature of the business transacted, and (B) its risk-based capital related to its total adjusted capital is adequate for the type of business transacted.

As of December 31, 2003, HCC met both the minimum capital and surplus and risk-based capital requirements necessary for the maintenance of a license to operate a health care center. As of December 31, 2003, HCC maintained a risk-based capital level of 397% of the authorized control level.

As noted in the findings of fact, following consummation of the Merger, the Applicant has no plans or proposals to liquidate HCC, to sell its assets, merge, or consolidate HCC with any other person or entity. There are no plans for HCC to enter into any material contract, agreement, arrangement or transaction of any kind with any person or entity. Mr. Michael McDonnell and Mr. Robert Sheehy testified that after the change of control, Oxford LLC will be able to satisfy the requirements for the issuance of a health care center license under the applicable provisions of the Connecticut General Statutes and regulations. Mr. Sheehy also confirmed that risk-based capital will remain adequate for the type of business transacted by Oxford LLC.

In addition to the criteria set forth in section 38a-193 of the Connecticut General Statutes, the Department considers the location of the company's books, records and assets, and the management of the company when evaluating a health care center's ability to operate a health care center pursuant to section 38a-175 of the Connecticut General Statutes.

Mr. McDonnell testified that HCC has no plans to change the location of the books and records from Connecticut following consummation of the Merger.

Mr. McDonnell also testified that the information contained in the biographical affidavits for the directors and officers of Applicant and proposed for Oxford LLC attest to the competence, experience and integrity of the individuals who will be responsible for the governance and operation of Oxford Connecticut, and should insure the safe and expert operation of Oxford LLC following the merger.

Accordingly, it is the conclusion of the Insurance Department that the evidence contained in the record supports a finding that the Applicant will be able to satisfy the requirements for the issuance of the necessary license to operate a health care center for which it is presently licensed following the proposed acquisition of control of HCC.

B. Whether the effect of the merger would be to substantially lessen competition of insurance in this state or tend to create a monopoly herein.

The Applicants retained Monica G. Noether, Ph.D., Vice President of Charles River Associates of Boston, Massachusetts, to provide an economic assessment of the Proposed Acquisition's effect on competition for the provision of managed care services in Connecticut. Dr. Noether testified at the hearing that it was her opinion, based on her analysis, which was conducted on the basis of the U.S. Department of Justice's ("DOJ") and Federal Trade Commission's (the "FTC") *Horizontal Merger Guidelines* (the "Merger Guidelines"), that the Merger will have no adverse competitive consequences on the provision of managed care services in Connecticut. Her opinion is based on the lack of market power in Connecticut that the combined firm of UHG and HCC (the "Combined Company"), would have as evidenced by its combined share of managed care services, and the presence of multiple existing competitors, some of which are very large and others of which can easily expand to competitively constrain the Combined Company. In addition, the Merger should result in cost savings for the Combined Company, allowing the Combined Company to offer managed care services at prices lower than either UHG or HCC would have been able to absent the Merger. The Merger may also reduce the administrative burden on physicians and hospitals, allowing providers in Connecticut to realize a reduction in practice expenses.

Based on the Insurance Department's review of the Applicant's analysis and their testimony at the hearing, it is hereby concluded that the effect of the acquisition of control by the Applicant will not substantially lessen competition of insurance or tend to create a monopoly in Connecticut.

C. Whether the financial condition of the Applicant is such as might jeopardize the financial stability of HCC or prejudice the interests of its policyholders.

At the public hearing, Mr. McDonnell testified that there were no plans to use any funds from HCC to repay the bridge loan being used to finance the Proposed acquisition, nor have the assets or stock of the HCC been pledged as collateral for that bridge loan.

or intentions to change the executive or operational presence in Trumbull for the foreseeable future.

Existing Administrative Service Agreements, Investment Management Agreements and Tax Sharing Agreements will remain in place. Those will be evaluated during the integration process and the Applicant will file for approval with the Insurance Department should any changes be required.

Shortly following the Merger, the Applicant will begin to assign people into specific roles dealing with integration activities. Mr. Sheehy testified that the intent is to look at the acquisition and integration from a customer perspective and make sure that there is no disruption in the customer base. To achieve that objective, the Applicant will: (1) focus on organizing the sales force and account management teams as an integrated collaborative unit, (2) review and compare provider networks to integrate and offer a broader, national network which can be offered to Connecticut and national customers, (3) review products for opportunities to combine products and features to yield value-added integrated product offerings, (4) initiate systems integration, focusing first on back office systems and then proceeding to claim processing, eligibility and billing systems integration. The integration activities are anticipated to take 12-18 months to complete. During that period, former HCC products will continue to be administered through OXHP systems and UHG products will be administered through UHG platforms. Neither the members, nor network providers of the Applicant or HCC are expected to experience delays or disruptions in service as a result of the Merger.

At the public hearing, Mr. Sheehy testified that except for the reduction of approximately 20 or so HCC positions that relate to public company redundancies, the

At the public hearing, Mr. Sheehy testified that following confirmation of the Proposed Acquisition, risk-based capital relating to total adjusted capital will remain adequate for the types of businesses transacted by Oxford LLC. Mr. Sheehy also confirmed that following consummation of the Proposed Acquisition, Oxford LLC's surplus funds will bear a reasonable relationship to their liabilities based upon the type, volume and nature of the insurance business transacted.

Substantial evidence contained in the Form A application indicates that the financial condition of the Applicant will not jeopardize the financial condition of HCC following the Merger. In particular, the financial statements of the Applicant and ratings by national insurance rating agencies attest to its financial strength and stability. Based on the testimony at the hearing and the evidence contained in the record, there is no evidence that would indicate the financial condition of the Applicant might jeopardize the financial condition of HCC, or prejudice the interest of the policyholders.

D. Whether the plans or proposals which the Applicant has to liquidate HCC, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the HCC and not in the public interest.

The record reveals that the Applicant has no current plans or proposals to liquidate HCC, to sell its assets, or consolidate or merge it with any other entity. Mr. McDonnell testified that Oxford LLC will retain principal offices in Trumbull where there will be a meaningful executive presence and where significant operational activities will continue to be maintained. Mr. McDonnell further testified there are no present plans

Applicants have no other current plans to reduce HCC employment levels. The Applicants intend to explore ways to build upon the existing aggregate employment level for the combined business in the State of Connecticut, including building upon the service capabilities of United HealthCare Services, Inc. in the state. The Applicants intend to maintain at least 1,300 Oxford LLC employees in the State of Connecticut for the two year period following the effective date of the Proposed Acquisition.

Mr. Sheehy further testified that after the closing of the Proposed Acquisition, all HCC employees to be employed by the Applicants will be eligible to apply for all jobs posted on the Applicant's internal employment posting system on the same basis as employees of Applicant or its affiliates.

Accordingly, the record supports the conclusion that there are no plans or proposals for HCC that are unfair and unreasonable to policyholders of HCC or not in the public interest.

E. Whether the competence, experience and integrity of those persons who would control the operations of HCC are such that it would not be in the interest of the policyholders of HCC and of the public to permit the merger or other acquisition of control.

The record includes the biographical affidavits of those individuals who will serve as members of the board and as officers of the Applicants and Oxford LLC following the change of control. The biographical affidavits disclose each individual's educational background, professional credentials and their employment history. In addition, the Applicant has represented, and the biographical affidavits confirm, that during the last ten years none of the proposed directors or officers of the Applicants and OXHP have been convicted in a criminal proceeding (excluding minor traffic violations) or have been convicted or otherwise penalized for violating any federal or state law regulating the business of insurance securities or banking, (or in the case of an alien person, such equivalent provision as applicable). During the last ten years, none of the proposed directors or officers of the Applicants have been the subject of any proceeding under the Federal Bankruptcy Code, (or in the case of an alien person, such equivalent provision as applicable) or have been affiliated with a business or organization which has been subject to such proceeding.

Furthermore, no proposed director or officer of the Applicants or OXHP has had a revocation, suspension or disciplinary sanction imposed against him or her by a governmental agency. None of the filed biographical affidavits contain any information that reflects negatively on the integrity of these individuals. The competence, experience, and integrity of those persons who would control the operations of Oxford LLC after the Merger is such that it would be in the interest of policyholders of the health care center, and in the public interest to permit the Merger.

F. Whether the acquisition is likely to be hazardous or prejudicial to those buying insurance.

Based on the financial strength of the Applicant, the affirmation that the current plans for HCC will not disrupt either the Applicant's or HCC's current membership, the potential for growth opportunities and operating efficiencies planned by the Applicant, as well as the provision of a strong and stable financial environment for HCC, it is hereby concluded that the proposed acquisition of control of the HCC is not likely to be hazardous to those buying insurance.

Accordingly, assuming compliance with all of Connecticut's insurance statutes and regulations, it is reasonable to conclude that the proposed acquisition of control of HCC is not likely to be hazardous to those buying insurance.

IV. RECOMMENDATION

Accordingly, based on the foregoing findings of fact and discussion, the record of the July 8, 2004 public hearing that was held open until July 16, 2004, and the recommendation of the Insurance Department staff, the undersigned concludes that the Applicants have satisfied the statutory criteria as provided in section 38a-132(b) of the Connecticut General Statutes. Accordingly, the undersigned recommends that the Insurance Commissioner find, pursuant to section 38a-132(b) of the Connecticut General Statutes that after the proposed acquisition of control (a) the HCC will be able to satisfy the requirements for the issuance of a license; (b) the effect of the acquisition of control will not be to substantially lessen competition in this state or tend to create a monopoly therein; (c) the financial condition of the Applicants are not such as might jeopardize the financial stability of HCC, or prejudice the interest of their policyholders; (d) the plans or proposals for HCC are not unfair and unreasonable to their policyholders, and are in the public interest; (e) the competence, experience and integrity of the management of the Applicants is such that it would be in the interest of policyholders of HCC, and of the public to permit the proposed acquisition of control; and (f) the acquisition of control of HCC is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, the undersigned recommends the following orders:

1. The Form A Application of the Applicants in which they seek approval to acquire control of HCC is hereby approved.

2. The Applicants and Oxford LLC shall comply with their commitments as set forth in the Proposed Final Decision and their letter dated July 8, 2004 to the Insurance Commissioner.

3. The Applicants shall provide the Insurance Department with written confirmation of the consummation of the acquisition of control by the end of the month the acquisition of control takes place.

4. For a period of two (2) years, Oxford LLC shall file semiannually with the Insurance Department, commencing six months from consummation of the transaction, a report under oath of its business operations in Connecticut, including but not limited to, the status of the integration with the Applicants, changes to the business of Oxford LLC; employment levels; changes in officers of Oxford LLC; any changes in location of its operations in Connecticut; and charitable contributions.

5. Oxford LLC shall file a proposed custodial agreement for approval prior to moving any assets outside the state of Connecticut.

6. Within fifteen (15) days following the end of the month in which the proposed acquisition is consummated, Oxford LLC shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.

7. If the proposed transaction is not consummated within three (3) months of the date of this Order and the Applicants intend to consummate the proposed transaction, the Applicants shall submit to the Commissioner a statement, which shall include (1) the

reason for the Applicants' inability to consummate the proposed transaction; (2) any material changes in the information contained in the Form A Application; and (3) the current financial statements of the Applicants and HCC.

8. Oxford LLC shall, at all times, maintain its books and records in Connecticut pursuant to Connecticut law, unless otherwise approved by the Commissioner.

9. The Applicants shall pay expenses incurred by the Insurance Commissioner in connection with the Insurance Department's review of the captioned transaction pursuant to sections 38a-132(a)(3) and 38a-132(c) of the Connecticut General Statutes.

Dated at Hartford, Connecticut, this 29 day of July, 2004.

Louis J. Scotti, Hearing Officer