

Unitedhealth Group, Inc. (NYSE: UNH) Report for July 2008

www.unitedhealthgroup.com
(952) 936-1300

Stock Data

Price	\$28.08
52-week range	\$22.16-58.94
Rev (ttm)	\$77.96 Bn
EPS (ttm)	\$2.95
EPS 5yr growth rate	26.3%
Price/Earnings (ttm)	9.52

Company Data

Industry	Health Care Plans
Index	S&P 500
Style Segment	LargeCap Value
Market cap.	\$34.26 Bn
Shares outstanding	1.22 Bn
Fiscal year end	December 31

Peer Group Earnings Quality Rating (For the Fiscal Period Ended: June 30, 2008)

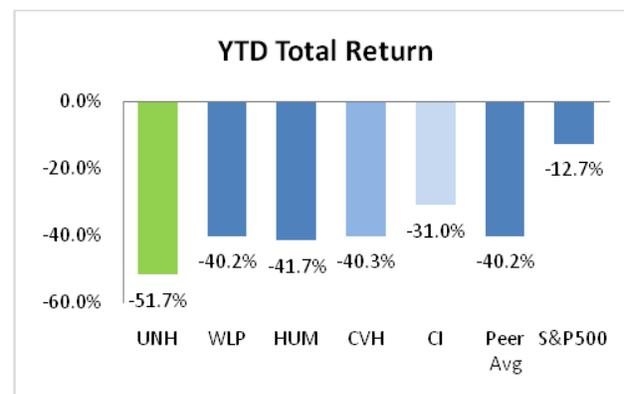
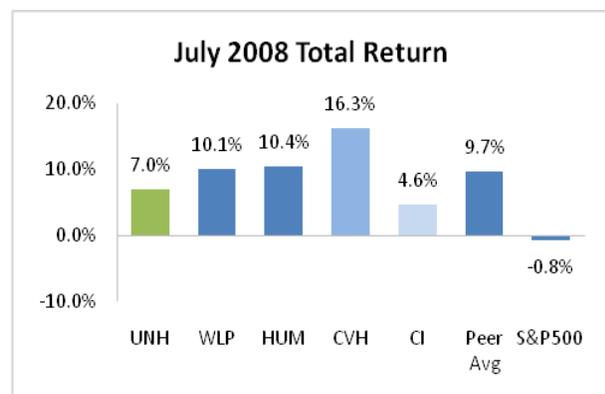
Company	Current Rating	Previous Rating	TTM Trend
Unitedhealth Group, Inc. (UNH)	na*	na*	na*
WellPoint, Inc. (WLP)	na	na	na
Humana, Inc. (HUM)	na	na	na
Coventry Health Care, Inc. (CVH)	na	na	na
CIGNA Corp. (CI)	na	na	na

* Not applicable for financial and insurance companies.

Peer Group Performance Summary

Month-to-Date: Unitedhealth Group's total return for the month of July was 7.0%, which lagged the peer group average of 9.7% and exceeded the S&P 500 index total return of -0.8%.

Year-to-Date: Unitedhealth Group's year-to-date total return of -51.7% lags the peer group average of -40.2%, and lags the S&P 500 index total return of -12.7% by a substantial margin.



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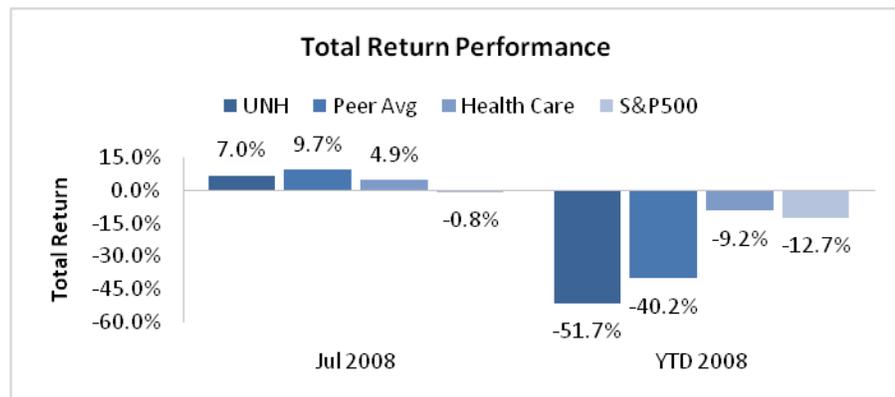
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MARKET OVERVIEW

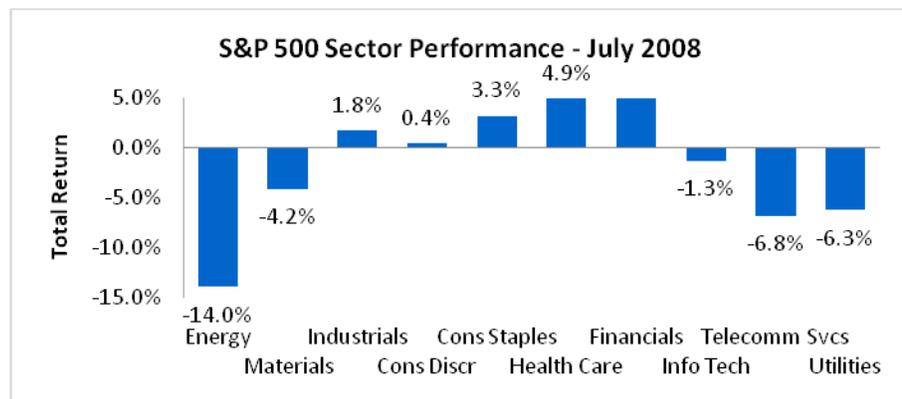
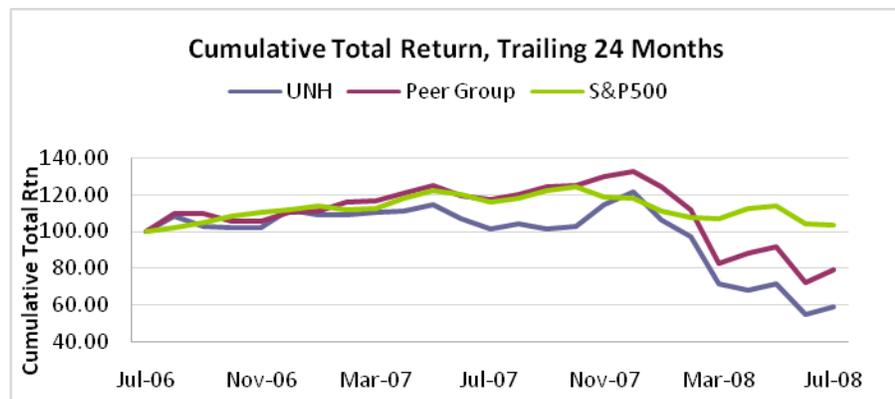
The S&P 500 index’s negative July performance, where total return was -0.8%, is the fifth negative monthly performance by the index since January 2008. In the last twelve months, the S&P 500 index monthly total return has been negative seven times. On a price basis, the index actually fell 1.0%, but total return was boosted slightly by dividend payouts. The Industrials, Consumer discretionary, Consumer staples, Health care and Financials sectors all showed positive returns in July. Energy had the worst showing – falling by more than 14% – followed by Telecomm Services, which fell by 6.8%, and Utilities, which fell 6.3%.

On a year-to-date basis, the S&P 500 index has produced a total return of -12.7%. Again, the impact of dividends has been beneficial as, on a price basis alone, the index is down by more than 13% YTD. All of the ten sectors are in negative territory so far in 2008 – with some, like Financials and Telecomm Services, down more than 24%.

Unitedhealth Group’s total return for the month of July was 7.0%, which lagged the peer group average of 9.7% and exceeded the S&P 500 index total return of -0.8%. The year-to-date total return of -51.7% lags the peer group average of -40.2%, and lags the S&P 500 index total return of -12.7% by a substantial margin.



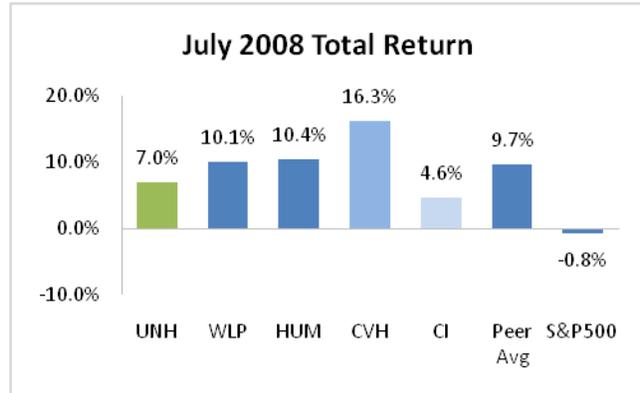
On a trailing 24-month cumulative basis, Unitedhealth Group’s performance has lagged both the S&P 500 index and that of its close peers by a substantial margin – lagging the index by roughly 44.5 percentage points and its peers by 20.6 percentage points.



PEER GROUP PERFORMANCE

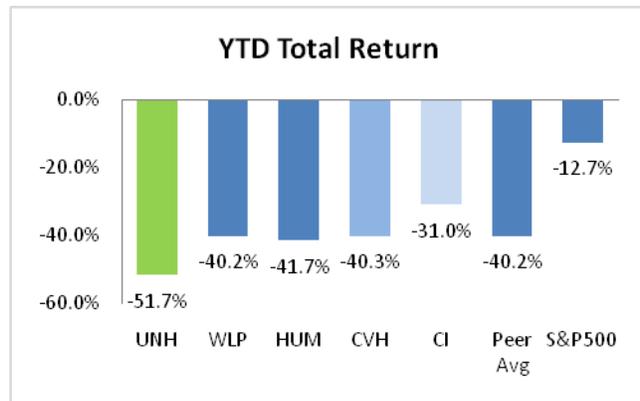
Month-to-Date

Unitedhealth Group’s total return in July was up 7.0% after having fallen by 23.3% in June. The July performance lagged the peer group, but exceeded the index substantially.



Year-to-Date

Unitedhealth Group’s total return of -51.7% YTD lags the peer group average of -40.2%, and lags the S&P 500 index total return of -12.7% by a substantial margin. It also substantially lags the return of the Health Care sector of the index, which has a return of -9.2% YTD.



PEER GROUP FINANCIAL CONDITION

Peer Group

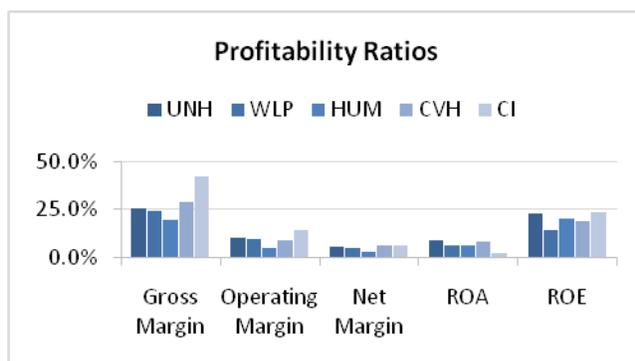
We have identified the following close peers of Unitedhealth Group, Inc.: WellPoint, Inc. (WLP), Humana, Inc. (HUM), Coventry Health Care, Inc. (CVH), and CIGNA Corp. (CI).

Profitability

FY2007	Company		Peer Group			Peer Average
	UNH	WLP	HUM	CVH	CI	
Gross Margin	25.5%	24.0%	19.8%	29.0%	42.1%	28.8%
Operating Margin	10.4%	9.8%	5.4%	9.4%	14.4%	9.8%
Net Margin	6.2%	5.5%	3.3%	6.3%	6.3%	5.4%
ROA	9.1%	6.4%	6.5%	8.7%	2.8%	6.1%
ROE	23.2%	14.6%	20.7%	19.0%	23.5%	19.4%
Effective Tax Rate	36.3%	36.4%	35.3%	37.1%	31.3%	35.0%

Source: Company reports

UNH is one of the more profitable firms among its peer group. On a y/y basis, UNH's margins improved slightly in the last fiscal year – primarily due to productivity gains from technology deployment and disciplined operating cost management. Management appears to be more effective at managing the firm's assets than its peers, as asset and equity returns exceed the peer average.

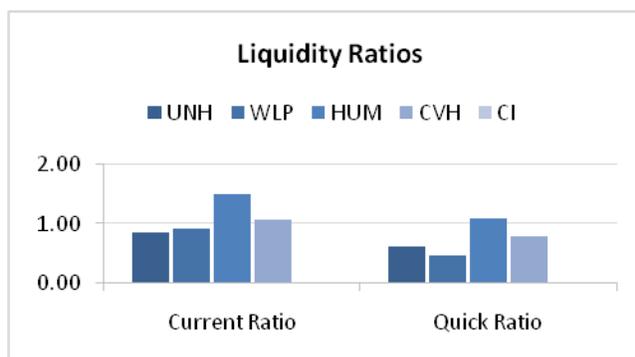


Liquidity

FY2007	Company		Peer Group			Peer Average
	UNH	WLP	HUM	CVH	CI	
Current Ratio	0.84	0.91	1.51	1.06	na	1.16
Working Capital (\$mil)	-2,948	-1,356	2,941	97	na	560
Quick Ratio	0.61	0.45	1.08	0.78	na	0.77

Source: Company reports

UNH's liquidity position has deteriorated slightly over the last fiscal year, primarily as a result of a decrease in cash and cash equivalents. The liquidity ratios generally lag those of its peers. Working capital decreases relate to decreases in current assets.

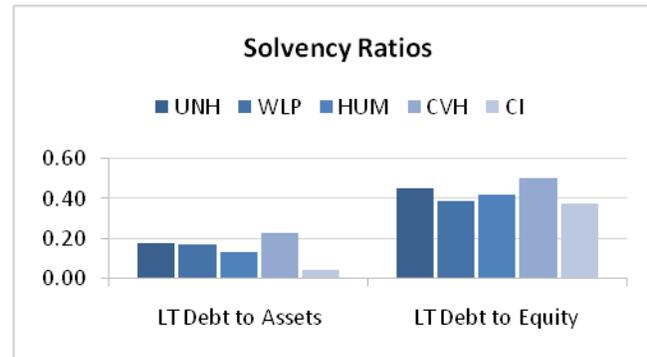


Solvency

FY2007	Company		Peer Group			Peer Average
	UNH	WLP	HUM	CVH	CI	
LT Debt to Assets	0.18	0.17	0.13	0.23	0.04	0.15
LT Debt to Equity	0.45	0.39	0.42	0.50	0.38	0.42
Interest Coverage	14.4	13.4	19.7	11.3	20.8	16.3

Source: Company reports

UNH steadily increased its absolute long term debt level over the last three years. As of FY2007 year end, the company's long-term debt levels are higher than the peer average. In addition, interest coverage lags the peer average slightly. There are off-balance sheet operating leases that should also be taken into consideration when evaluating total debt.

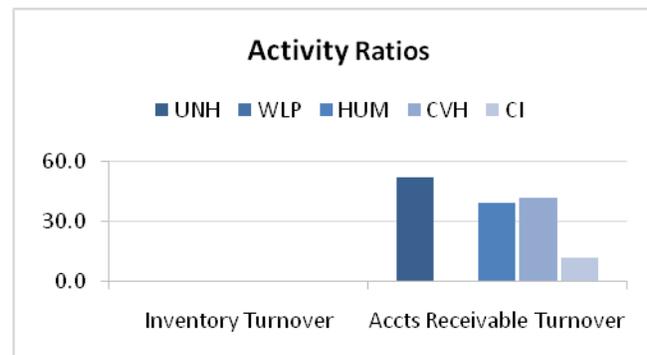


Activity

FY2007	Company		Peer Group			Peer Average
	UNH	WLP	HUM	CVH	CI	
Inventory Turnover	na	na	na	na	na	na
Avg Days' Inventory on Hand	na	na	na	na	na	na
Accts Receivable Turnover	52.1	na	39.3	41.8	12.3	31.2
Avg Receivable Collection Period (days)	7.0	na	9.3	8.7	29.7	11.7

Source: Company reports

UNH does not carry any inventory on its books. On an annual basis, the receivables collection period was better than the peer average in FY2007. The receivables collection period improved over the last fiscal year at a level roughly 5 days below the peer average of 12 days.



APPENDIX 1

Earnings Quality Rating

The Earnings Quality Rating is derived from a proprietary methodology for determining the quality of a company's earnings. The Earnings Quality rating is a historically backtested rating system.

Earnings Quality Rating Definitions

GREEN = Indicates a low likelihood of accounting practices that may warrant further investigation, and higher Quality of Earnings.

YELLOW = Indicates an average likelihood of accounting practices and financial condition that may warrant further investigation, and average Quality of Earnings.

RED = Indicates a higher than average likelihood of accounting practices and financial condition that may warrant further investigation, and low Quality of Earnings.

TTM Trend = the trend of ratings over the trailing twelve-month period. A "+" indicates an upward (or positive) trend. A "-" indicates a downward (or negative) trend. A "0" indicates no change (or a sideways trend).

Other Ratings / Definitions

NR = Not Rated. Indicates no rating is given or available for the period.

NA = Not Available or Not Applicable. The information is not available for display or is not applicable.

NM = Not Meaningful. The information is not meaningful and is therefore excluded.

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