UNITEDHEALTH GROUP INC
Form DEF 14A
April 24, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

UnitedHealth Group Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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9900 Bren Road East, Minnetonka, Minnesota 55343

April 24, 2013

Dear Shareholder:

We cordially invite you to attend our 2013 Annual Meeting of Shareholders. We will hold our meeting on Monday, June 3, 2013, at 10:00 a.m. Eastern Time at the Seaport Boston Hotel, Constitution Conference Room, 1 Seaport Lane, Boston, Massachusetts 02210.

As a shareholder of UnitedHealth Group, you play an important role in our company by considering and taking action on the matters set forth in the attached proxy statement. We appreciate the time and attention you invest in making thoughtful decisions.

Attached you will find a notice of meeting and proxy statement that contain further information about the items upon which you will be asked to vote and the meeting itself, including:

- How to obtain admission to the meeting if you plan to attend; and
- Different methods you can use to vote your proxy, including by internet, telephone and mail.

Every shareholder vote is important, and we encourage you to vote as promptly as possible. If you cannot attend the meeting in person, you may listen to the meeting via webcast. Instructions on how to access the live webcast are included in the proxy statement.

Sincerely,

Stephen J. Hemsley
President and Chief Executive Officer

Richard T. Burke
Chairman of the Board

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF UNITEDHEALTH GROUP INCORPORATED:

UnitedHealth Group Incorporated (the "Company") will hold its Annual Meeting of Shareholders on Monday, June 3, 2013, at 10:00 a.m. Eastern Time at the Seaport Boston Hotel, Constitution Conference Room, 1 Seaport Lane, Boston, Massachusetts 02210. The purposes of the meeting are:

1. To elect the eleven nominees that are set forth in the attached proxy statement to the Company's Board of Directors.

2. To approve the Company's executive compensation.

3. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2013.

4. To consider a shareholder proposal set forth in the proxy statement, if properly presented at the Annual Meeting.

5. To transact other business that properly may come before the Annual Meeting or any adjournments or postponements of the meeting.

Only shareholders of record of the Company's common stock at the close of business on April 5, 2013 are entitled to receive notice of, and to vote at, the meeting and any adjournments or postponements of the meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Dannette L. Smith
Secretary to the Board of Directors

April 24, 2013

Even if you plan to attend the Annual Meeting, we still encourage you to submit your proxy by internet, telephone or mail prior to the meeting. If you later choose to revoke your proxy or change your vote, you may do so by following the procedures described under Question 13 of the "Questions and Answers about the Annual Meeting and Voting" section in the attached proxy statement.

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 3, 2013:**

The Notice of Internet Availability of Proxy Materials, Notice of Annual Meeting of Shareholders, Proxy Statement and Annual Report are available at www.unitedhealthgroup.com/proxymaterials.

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SUMMARY

This summary highlights information contained elsewhere in this proxy statement. We encourage you to review the entire proxy statement. This proxy statement and our Annual Report for the year ended December 31, 2012 are first being mailed to the Company's shareholders and made available on the internet at *www.unitedhealthgroup.com/proxymaterials* on or about April 24, 2013. Website addresses included throughout this proxy statement are for reference only. The information contained on our website is not incorporated by reference into this proxy statement.

UnitedHealth Group

We are a diversified health and well-being company whose mission is to help people live healthier lives and to make the health care system work better for everyone. We achieved strong business results in 2012, including:

- Revenues increased 9% to $110.6 billion from $101.9 billion in 2011;
- Net earnings increased 7% to $5.5 billion from $5.1 billion in 2011;
- Cash flows from operating activities increased 3% to $7.2 billion from $7.0 billion in 2011;
- Earnings per share increased 12% to $5.28 per share from $4.73 per share in 2011; and
- Total shareholder return was 8.6% after achieving 42% in 2011.

This strong financial performance was driven by a broad range of initiatives intended to position the Company for future growth, and a focus on fundamental execution in all our operations.

Corporate Governance

UnitedHealth Group is committed to meeting high standards of ethical behavior, corporate governance and business conduct in everything we do, every day. This commitment has led us to implement the following practices:

- *Board Structure and Composition* Our directors are elected annually by a majority vote of our shareholders. We have independent Board leadership, and nine of our eleven directors are independent.
- *Chief Executive Officer ("CEO") Succession Planning* Our succession plan, which is reviewed annually by our Board of Directors, addresses both an unexpected loss of our CEO and longer-term succession.
- *Stock Ownership Guidelines* Each of our executive officers and directors satisfied our stock ownership guidelines as of December 31, 2012. Mr. Hemsley, our CEO, directly owned shares equal to 108 times his base salary as of March 1, 2013.
- *Stock Retention Policy* We require executive officers to hold, for at least one year, one-third of the net shares acquired upon vesting or exercise of any equity award granted after October 2009. Our directors are required to hold all equity awards granted after June 2009 until completion of service on the Board.

Clawback Policy We may recover cash incentive compensation and equity awards from senior executives, including all of our named executive officers, in the event of fraud or misconduct resulting in a restatement of the Company's financial statements.

Independent Compensation Consultant Our Compensation and Human Resources Committee (the "Compensation Committee") uses an independent compensation consultant, which performs no consulting or other services for the Company.

Political Contributions Disclosure We disclose our political contributions and public advocacy efforts and the contributions of our federal and state political action committees on our website and as required by law.

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Environmental Policy We seek to minimize our environmental impact and to heighten our employees' awareness of the importance of the environment.

Transactions in Company Securities Our insider trading policy was amended in 2012 and prohibits all directors and employees from engaging in short sales and hedging transactions relating to our common stock, and requires advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management.

See the "Corporate Governance" portion of this proxy statement for further information on our governance practices.

Enterprise-Wide Risk Oversight

Our Board of Directors, assisted by its committees, oversees management's enterprise-wide risk management activities. Risk management activities include assessing and taking actions necessary to manage risk incurred in connection with the long-term strategic direction and operation of our business.

Executive Compensation

Our executive compensation program uses a mix of base salary, annual and long-term cash incentives, equity awards and standard benefits to attract and retain highly qualified executives and maintain a strong relationship between executive pay and Company performance. Shareholders expressed strong support for our executive compensation program in the "say-on-pay" votes at our 2011 and 2012 Annual Meetings of Shareholders.

Our Overall Compensation Program Principles

Pay-for-performance A substantial portion of the total compensation of our executive officers is earned based on achievement of enterprise-wide goals that affect shareholder value.

Enhance the value of the business Incentive compensation is designed to favor the longer-term value of the Company and avoid excessive risk-taking.

Reward long-term growth and focus management on sustained success and shareholder value creation Compensation of our executive officers is weighted toward equity and long-term cash awards that encourage sustained performance and positive shareholder returns.

Modest benefits and limited perquisites We provide standard employee benefits and very limited perquisites to our named executive officers.

Summary of Compensation Paid to Stephen Hemsley, our CEO, in 2012

Base salary $1.3 million, which is unchanged since 2006.

Cash incentive awards Annual cash incentive award of $4.0 million and long-term cash incentive award of $1.3 million, which reflect the Company's strong performance against pre-set goals and continued strong leadership by Mr. Hemsley.

Equity awards Performance shares with a target grant date fair value of $3.5 million and restricted stock units with a grant date fair value of $3.5 million.

Company matching contributions $159,450 under our 401(k) and executive savings plan.

Mr. Hemsley's total compensation is well below the CEO median of the Company's peer group, even though the Board believes his performance has been outstanding. Information regarding compensation paid to each of our named executive officers in 2012 is described in the "Compensation Discussion and Analysis" section.

Strong Governance Standards in Oversight of Executive Compensation Policies

We endeavor to maintain strong governance standards in the oversight of our executive compensation policies and practices, including:

No ongoing pension obligations for any of our named executive officers.

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No excise tax gross-ups and very limited perquisites.

Performance-based compensation arrangements, including performance-based equity awards, that use a variety of performance measures.

Double-trigger change in control arrangements for equity granted after 2010.

Our 2011 Stock Incentive Plan prohibits the repricing of stock options and stock appreciation rights without shareholder approval.

Annual advisory shareholder votes to approve the Company's executive compensation.

Proposal 1 Election of Directors (see pages 4-8)

The Board has nominated eleven candidates for election to our Board of Directors. **The Board recommends that shareholders vote FOR the election of each nominee.**

Proposal 2 Advisory Approval of the Company's Executive Compensation (see pages 48-50)

The Board is seeking advisory approval of the Company's executive compensation. In considering this proposal, please read our Compensation Discussion and Analysis, which explains the Compensation Committee's compensation decisions and how our executive compensation program aligns the interests of our executive officers with those of our shareholders. Although the vote is advisory and is not binding on the Board, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions. At the 2012 Annual Meeting, more than 98% of the votes cast on this proposal were in favor of our executive compensation. **The Board recommends that shareholders vote FOR the approval of the Company's executive compensation.**

Proposal 3 Ratification of Independent Registered Public Accounting Firm (see page 58)

The Audit Committee has appointed Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2013. The Board is seeking shareholder ratification of this appointment. **The Board recommends that shareholders vote FOR ratification of the selection of Deloitte & Touche LLP.**

Proposal 4 Shareholder Proposal (see pages 58-61)

We have been informed that a group of shareholders intends to introduce a resolution requesting that the Board authorize the preparation of a report addressing lobbying expenditures and oversight. The Board has concluded that the proposal is not in the best interests of the Company and its shareholders. **The Board recommends that shareholders vote AGAINST the shareholder proposal.**

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PROPOSAL 1 ELECTION OF DIRECTORS

Director Nomination Process

Criteria for Nomination to the Board

The Nominating and Corporate Governance Committee (the "Nominating Committee") analyzes, on an annual basis, director skills and attributes, and recommends to the Board of Directors appropriate individuals for nomination as Board members.

The Nominating Committee developed and maintains a skills matrix to assist it in considering the appropriate balance of experience, skills and attributes required of a director and to be represented on the Board as a whole. The skills matrix is based on the Company's strategic plan and is periodically reviewed and updated by the Nominating Committee. The Nominating Committee evaluates Board candidates against the skills matrix when determining whether to recommend candidates for initial election to the Board and when determining whether to recommend currently serving directors for reelection to the Board.

The skills matrix has two sections a list of core criteria that every member of the Board should meet and a list of skills and attributes to be represented collectively on the Board. Following are core director criteria that should be satisfied by each director or nominee:

- Independence under the Company's Standards for Director Independence and New York Stock Exchange ("NYSE") listing requirements, subject to waiver based on the Nominating Committee's business judgment;
- Service on no more than three other public company boards;
- High integrity and ethical standards;
- Standing and reputation in the individual's field;
- Risk oversight ability with respect to the particular skills of the individual director;
- Understanding of and experience with complex public companies or like organizations; and
- Ability to work collegially and collaboratively with other directors and management.

The skills matrix provides further that the Board as a whole should reflect diversity and have expertise in the following areas:

- Corporate governance;
- Finance;
- Health care industry;
- Direct consumer marketing;

- Legal matters;
- Capital markets;
- Political/health care policy;
- Brand marketing/public relations;
- Clinical practice; and
- Technology/business processes.

Our Nominating Committee strives to maintain a balance of tenure on the Board. Long-serving directors bring valuable experience with our Company and familiarity with the challenges it has faced over the years, while newer directors bring fresh perspectives and ideas.

Diversity

UnitedHealth Group embraces and encourages a culture of diversity and inclusion. We believe that valuing diversity makes good business sense and helps to ensure our future success. Diversity is included as one of the collective attributes in our director skills matrix. Our Board has not adopted a formal definition of diversity.

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Our Board assesses its overall effectiveness through an annual evaluation process. This evaluation includes, among other things, an assessment of the overall composition of the Board, including the diversity of its members.

Nominating Advisory Committee

The Board of Directors formed the Nominating Advisory Committee in 2006 to provide its Nominating Committee with additional input from shareholders and others regarding desirable characteristics of director candidates and the composition of the Board of Directors. The Nominating Committee considers, but is not bound by, input provided by the Nominating Advisory Committee. The Nominating Advisory Committee currently includes four individuals affiliated with long-term shareholders of the Company and one individual who is a member of the medical community. Members of the Nominating Advisory Committee do not receive any compensation from the Company for serving on the Nominating Advisory Committee. The Nominating Advisory Committee held one meeting in 2012. A description of the Nominating Advisory Committee can be found on the Company's website at *www.unitedhealthgroup.com*.

Process for Identifying and Evaluating Nominees

In assessing currently serving directors for potential re-nomination, the Nominating Committee reviews the directors' overall performance on the Board of Directors and other relevant factors, including the factors listed above under "Criteria for Nomination to the Board."

In considering potential candidates for election to the Board, the Nominating Committee, with input from the full Board of Directors, assesses the potential candidate's qualifications and how these qualifications fit with the desired composition of the Board of Directors as a whole. The Nominating Committee considers views expressed by members of the Nominating Advisory Committee and other shareholders regarding skill sets that would be valuable for a new director to possess. The Nominating Committee has an outside firm on retainer to assist the Committee in identifying and evaluating director candidates.

Shareholder Nominations and Recommendations for Director Candidates

Shareholders may nominate candidates for election to the Board of Directors by submitting timely written notice to the Secretary to the Board in accordance with the Bylaws. The notice must include the information set forth in the Bylaws about each proposed nominee, including: (i) the name, age, business address, residence address and principal occupation or employment, (ii) the number of shares of the Company's common stock which are beneficially owned, and (iii) other information concerning the nominee as would be required in soliciting proxies for the election of that nominee. The notice must also include the information set forth in the Bylaws about the shareholder making the nomination and any associated person, including information about the direct and indirect ownership of, or derivative positions in, the Company's common stock and arrangements and understandings related to the proposed nomination or the voting of the Company's common stock. The notice must also include a signed consent of each nominee to serve as a director of the Company, if elected. For the 2014 Annual Meeting, this notice must be received at our principal executive offices, directed to the Secretary to the Board of Directors, on or before December 25, 2013. If we do not receive a notice and the required information regarding the shareholder and any associated person by the specified deadline, the director nomination will be void and disregarded for all purposes.

The Company will also consider recommendations submitted by shareholders for director candidates. Recommendations should be directed to the Secretary to the Board of Directors.

2013 Director Nominees

Our Articles of Incorporation and Bylaws provide that each member of our Board of Directors is elected annually by a majority of votes cast if the election is uncontested. The Board of Directors has nominated the eleven directors set forth below for election by the shareholders at the 2013 Annual Meeting. All of the nominees were elected by our shareholders at the 2012 Annual Meeting except for Edson Bueno, M.D., who was first elected to the Board by the Board on October 29, 2012. The Nominating Committee considered Dr. Bueno's candidacy in connection with the Company's acquisition of Amil Participações S.A. ("Amil"), which Dr. Bueno

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founded and leads. The Nominating Committee believes that, based on his experience, Dr. Bueno satisfies all of the core director criteria listed on the skills matrix except that he is not an independent director because he is the President and CEO of Amil. Dr. Bueno also has expertise in the following areas listed on the skills matrix:

- Health care industry;
- Political/health care policy;
- Brand marketing/public relations; and
- Clinical practice.

The Nominating Committee believes that Dr. Bueno's experience and knowledge of international health care and integrated care systems, and training and experience as a physician and entrepreneur with deep expertise across the continuum of care, make him a strong addition to the Board. Following Dr. Bueno's appointment to the Board, we discussed his appointment with the Nominating Advisory Committee and received positive feedback.

All of the nominees have informed the Board that they are willing to serve as directors if elected. If any nominee should decline or become unable to serve as a director for any reason, the persons named as proxies will elect a replacement.

The Board of Directors recommends that you vote FOR the election of each of the nominees. Proxies will be voted FOR the election of each nominee unless you specify otherwise.

Name	Age	Director Since
William C. Ballard, Jr.	72	1993
Edson Bueno, M.D.	69	2012
Richard T. Burke	69	1977
Robert J. Darretta	66	2007
Stephen J. Hemsley	60	2000
Michele J. Hooper	61	2007
Rodger A. Lawson	66	2011
Douglas W. Leatherdale	76	1983
Glenn M. Renwick	57	2008
Kenneth I. Shine, M.D.	78	2009
Gail R. Wilensky, Ph.D.	69	1993

The director nominees, if elected, will serve until the 2014 Annual Meeting or until their successors are elected and qualified. The following is a brief biographical description of each director nominee, which includes a discussion of the skills and attributes held by each director that are reflected in the skills matrix, as described above, and that, in part, led the Board to conclude that each respective director should continue to serve as a member of the Board.

Mr. Ballard served as Of Counsel to Greenebaum Doll & McDonald PLLC, a law firm in Louisville, Kentucky, from June 1992 until July 2008. In 1992, Mr. Ballard retired from Humana, Inc., a company operating managed health care facilities, after serving with Humana in various roles for 22 years, including as the Chief Financial Officer ("CFO") and a director. Mr. Ballard has satisfied all the core director criteria set forth in the skills matrix. Mr. Ballard also has health care industry, legal and finance/capital markets expertise and qualifies as a financial expert under applicable Securities and Exchange Commission ("SEC") regulations. Mr. Ballard currently serves as a director of Health Care REIT, Inc.

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Dr. Bueno is the founder, President, CEO and Chairman of Amil Participações S.A., which became a subsidiary of UnitedHealth Group in October 2012. Founded in 1978, Amil is the largest health care organization in Brazil, currently assisting more than five million people. Dr. Bueno holds a medical degree from the Federal University of Rio de Janeiro, with specialization in general surgery. He has attended courses in the Business Administration program at the Pontifical Catholic University of Rio de Janeiro and management programs at Harvard Business School. Dr. Bueno has satisfied all the core director criteria set forth in the skills matrix except that he is not an independent director because he is the President and CEO of Amil. Dr. Bueno has health care industry, health care policy, brand marketing/public relations and clinical practice expertise.

Mr. Burke is Chair of the Board of UnitedHealth Group, has been a member of our Board of Directors since inception, and was CEO of UnitedHealthcare, Inc., our predecessor corporation, until February 1988. From 1995 until February 2001, Mr. Burke was the owner, CEO and Governor of the Phoenix Coyotes, a National Hockey League team. Mr. Burke has satisfied all the core director criteria set forth in the skills matrix. Mr. Burke also has health care industry expertise and qualifies as a financial expert under applicable SEC regulations. Mr. Burke currently serves as a director of Meritage Homes Corporation. In the past five years, he has also served as a director of First Cash Financial Services, Inc.

Mr. Darretta is the retired Vice Chair, Board of Directors, CFO and member of the Executive Committee of Johnson & Johnson, a health care products company. Mr. Darretta served as CFO and a member of the Executive Committee of Johnson & Johnson from 1997 to March 2007. Mr. Darretta joined Johnson & Johnson in 1968. Mr. Darretta has satisfied all the core director criteria set forth in the skills matrix. Mr. Darretta has corporate governance, health care industry, direct consumer markets, technology/business process and finance/capital markets expertise and qualifies as a financial expert under applicable SEC regulations. Mr. Darretta currently serves as a trustee for certain Putnam mutual funds.

Mr. Hemsley is President and CEO of UnitedHealth Group and has served in that capacity since November 2006. He has been a member of the Board of Directors since February 2000. Mr. Hemsley joined the Company in 1997 as Senior Executive Vice President. He became Chief Operating Officer in 1998, was named President in 1999, and served as President and Chief Operating Officer from 1999 to November 2006. Mr. Hemsley has satisfied all the core director criteria set forth in the skills matrix except that he is not an independent director because he is our CEO. Mr. Hemsley has health care industry, finance and technology/business process expertise.

Ms. Hooper is President and CEO of The Directors' Council, a private company she co-founded in 2003 that works with corporate boards to increase their independence, effectiveness and diversity. She was President and CEO of Voyager Expanded Learning, a developer and provider of learning programs and teacher training for public schools, from 1999 until 2000. Prior to that, she was President and CEO of Stadtlander Drug Company, Inc., a provider of disease-specific pharmaceutical care, from 1998 until Stadtlander was acquired in 1999. Ms. Hooper has satisfied all the core director criteria set forth in the skills matrix and is a nationally recognized corporate governance expert. She also has health care industry expertise and qualifies as a financial expert under applicable SEC regulations. Ms. Hooper currently serves as a director of PPG Industries, Inc. In the past five years, she also served as a director of AstraZeneca plc. and Warner Music Group Corp.

Mr. Lawson served as President of Fidelity, the world's largest mutual fund company, from August 2007 to March 2010. Prior to joining Fidelity, Mr. Lawson was Vice Chairman of Prudential Financial from 2002 to 2007 where he was responsible for the International Operating Division and for Global Marketing Communications. Mr. Lawson served as Executive Vice President of Prudential from 1996 to 2002. Prior to joining Prudential, Mr. Lawson was President and CEO of VanEck Global from June 1994 to June 1996. Mr. Lawson was Managing Director and Partner-in-Charge of Private Global Banking and Mutual Funds at Bankers Trust from January 1992 to April 1994. Mr. Lawson was a Managing Director and CEO at Fidelity Investments Retail from May 1985 to May 1991, and President and CEO at Dreyfus Service Corporation from May 1982 to May 1985. Mr. Lawson has satisfied all the core director criteria set forth in the skills matrix. Mr. Lawson has corporate governance, direct consumer marketing, finance/capital markets, brand marketing/public relations and technology/business process expertise and qualifies as a financial expert under applicable SEC regulations. We believe that Mr. Lawson's past experience as an executive at a major institutional investor is also of significant value to the Board. Mr. Lawson currently serves as a director of E*TRADE Financial Corporation.

Mr. Leatherdale served as the Chair and CEO of The St. Paul Companies, Inc. (currently known as Travelers Companies, Inc.), a property casualty insurance company, from 1990 until he retired in October 2001. Mr. Leatherdale has satisfied all the core director criteria set forth in the skills matrix. Mr. Leatherdale has corporate governance and finance/capital markets expertise and qualifies as a financial expert under applicable SEC regulations. In the past five years Mr. Leatherdale has also served as a director of Xcel Energy Inc.

Mr. Renwick is President and CEO of The Progressive Corporation, an auto insurance holding company. Before being named CEO in 2001, Mr. Renwick served as CEO-Insurance Operations and Business Technology Process Leader from 1998 through 2000. Prior to that, he led Progressive's Consumer Marketing group and served as President of various divisions within Progressive. Mr. Renwick joined Progressive in 1986 as Auto Product Manager for Florida. Mr. Renwick has satisfied all the core director criteria set forth in the skills matrix. Mr. Renwick has corporate governance, health care industry, direct consumer markets, finance/capital markets, brand marketing/public relations and technology/business process expertise and qualifies as a financial expert under applicable SEC regulations. Mr. Renwick currently serves as a director of Fiserv, Inc. and The Progressive Corporation.

Dr. Shine has been the Executive Vice Chancellor for Health Affairs of the University of Texas System (the "UT System"), which consists of nine academic campuses and six health institutions, since November 2003. Dr. Shine served as the interim Chancellor of the UT System from May 2008 until February 2009. Dr. Shine served as President of the Institute of Medicine at the National Academy of Sciences from 1992 until 2002. From 1993 until 2003, Dr. Shine served as a Clinical Professor of Medicine at the Georgetown University School of Medicine. From 1971 until 1992, Dr. Shine served in several positions at the University of California at Los Angeles School of Medicine, with his final position being Dean and Provost, Medical Sciences, and he continues to hold the position of Professor of Medicine Emeritus. Dr. Shine has also served as Chair of the Council of Deans of the Association of American Medical Colleges from 1991 until 1992 and as President of the American Heart Association from 1985 until 1986. Dr. Shine has satisfied all the core director criteria set forth in the skills matrix. He also is a nationally recognized cardiologist and has health care policy and clinical practice expertise.

Dr. Wilensky has been a senior fellow at Project HOPE, an international health foundation, since 1993. From 2008 to 2009, Dr. Wilensky was President of the Department of Defense Health Board and chaired its sub-committee on health care delivery. From December 2006 to December 2007, Dr. Wilensky co-chaired the Department of Defense Task Force on the Future of Military Health Care. During 2007 she also served as a commissioner on the President's Commission on Care for America's Returning Wounded Warriors. From May 2001 to May 2003, she was the Co-Chair of the President's Task Force to Improve Health Care for our Nation's Veterans. From 1997 to 2001, she was also Chair of the Medicare Payment Advisory Commission. From 1992 to 1993, Dr. Wilensky served as the Deputy Assistant to President George H. W. Bush for policy development, and from 1990 to 1992, she was the Administrator of the Health Care Financing Administration (now known as the Centers for Medicare and Medicaid Services) directing the Medicaid and Medicare programs for the United States. Dr. Wilensky has satisfied all the core director criteria set forth in the skills matrix. She also is a nationally recognized health care economist and has health care policy expertise. Dr. Wilensky currently serves as a director of Quest Diagnostics Incorporated. In the past five years, she has also served as a director of Cephalon, Inc., Gentiva Health Services, Inc. and SRA International Inc.

CORPORATE GOVERNANCE

Overview

UnitedHealth Group is committed to high standards of corporate governance and ethical business conduct. Important documents that are reflective of this commitment include our Articles of Incorporation, Bylaws, Principles of Governance, Board of Directors Committee Charters, Standards for Director Independence, Code of Conduct: Our Principles of Ethics & Integrity, Related-Person Transactions Approval Policy, Board of Directors Communication Policy, Political Contributions Policy and Corporate Environmental Policy. You can access these documents at *www.unitedhealthgroup.com* to learn more about our corporate governance practices. Our key corporate governance practices are highlighted below.

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Board Structure and Shareholder Rights

All members of our Board of Directors are elected annually by our shareholders.

Our Articles of Incorporation provide that, in an uncontested election, each director must be elected by a majority vote.

We have no supermajority shareholder approval provisions.

We have a non-executive, independent Chair of the Board. If a future Chair of the Board is not independent, a Lead Independent Director will be appointed by a majority vote of the independent directors.

Board and Board Committee Composition and Performance

A Nominating Advisory Committee comprised of representatives from the shareholder and medical communities provides input into the composition of our Board of Directors.

All members of our Audit Committee are required to be "audit committee financial experts" as defined by the SEC.

A non-management director may not serve on more than four public company boards of directors (including the Company's Board).

Our CEO may not serve on more than two public company boards of directors (including the Company's Board).

Our directors are required to offer their resignations upon a change in their primary careers.

Our Board of Directors and each Board committee regularly conduct executive sessions of non-management directors. Our Chair of the Board presides over each executive session of non-management directors. Committee Chairs preside over executive sessions of their respective committees.

Our Board of Directors and Board committees have the authority to retain independent advisors.

Our Board of Directors and Board committees conduct performance reviews annually.

All directors are required to complete a specified level of director training.

Guidelines and Board Policies

Our Board of Directors developed our CEO succession plan with input from our CEO, and reviews the plan annually. The CEO succession plan has two components: one addressing emergency or unanticipated loss of our CEO and one addressing longer-term succession. Material features of this plan include identification of Board members to lead the succession process, identification and development of internal candidates and identification of external resources necessary to ensure a successful transition.

We maintain stock ownership and retention guidelines for directors and executive officers. See "Compensation Discussion and Analysis Elements of Our Compensation Program Other Compensation Practices Executive Stock Ownership Guidelines," "Director Compensation Equity-Based Compensation" and "Director Compensation Stock Ownership Guidelines" for further information.

We have a related-person transactions approval policy regarding the review, approval and ratification by our Audit Committee of all related-person transactions. See "Certain Relationships and Transactions."

We have a clawback policy that allows the Company to recover cash incentive compensation and equity awards from senior executives in the event of fraud or misconduct resulting in a restatement of the Company's financial statements or in the event of a senior executive's violation of a restrictive covenant. See "Compensation Discussion and Analysis Elements of Our Compensation Program Other Compensation Practices Potential Impact on Compensation from Executive Misconduct/Compensation Clawbacks."

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We have an independent compensation consultant policy that requires the consultant engaged by the Compensation Committee to be independent of the Company or the Company will disclose the fees paid to the consultant in the Company's proxy statement.

We have a political contributions policy that is overseen by our Public Policy Strategies and Responsibility Committee (the "Public Policy Committee"). The Company's political contributions and public advocacy efforts and the contributions of our federal and state political action committees are disclosed on our website.

We have an environmental policy that outlines our focus on minimizing our impact on the environment and creating a Company culture that heightens our employees' awareness of the importance of preserving the environment and conserving energy and natural resources.

Our insider trading policy prohibits all directors and employees from engaging in short sales and hedging transactions relating to our common stock and requires advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management.

Our Board of Directors believes that effective Board-shareholder communication strengthens the Board of Directors' role as an active, informed and engaged fiduciary, so we have a communication policy that outlines how shareholders and other interested parties may communicate with the Board of Directors. See "Corporate Governance Communication with the Board of Directors."

Independent Auditors

Our shareholders annually ratify the appointment of our independent registered public accounting firm.

The 2012 non-audit and non-audit-related fees paid to our independent registered public accounting firm were less than 5% of total fees paid to that firm by the Company in 2012.

Principles of Governance

Our Articles of Incorporation and Bylaws, together with Minnesota law and NYSE and SEC rules, govern the Company. Our Principles of Governance set forth many of the practices, policies and procedures that provide the foundation for our commitment to strong corporate governance. The policies and practices covered in our Principles of Governance include shareholder rights and proxy voting; structure, composition and performance of the Board of Directors; use of an independent compensation consultant; stock ownership and retention requirements; Board of Directors operation; individual director responsibilities; and Board committees. Our Principles of Governance are reviewed at least annually by our Nominating Committee and are revised as necessary.

Code of Conduct: Our Principles of Ethics & Integrity

The Code of Conduct: Our Principles of Ethics & Integrity is posted on the Company's website and covers our principles and policies related to business conduct, conflicts of interest, public disclosure, legal compliance, reporting and accountability, corporate opportunities, confidentiality, fair dealing and protection and proper use of Company assets. Any waiver of the Code of Conduct for the Company's executive officers, senior financial officers or directors may be made only by the Board of Directors or a committee of the Board. We will publish any amendments to the Code of Conduct and waivers of the Code of Conduct for an executive officer or director on the Company's website.

Compliance and Ethics

We strongly encourage employees to raise ethics and compliance concerns, including concerns about accounting, internal controls or auditing matters. We offer several channels for employees and third parties to report ethics and compliance concerns or incidents, including by phone or online, and individuals may choose to remain anonymous in jurisdictions where anonymous reporting is permissible. We prohibit retaliatory action against any individual who in good faith raises concerns or questions regarding ethics and compliance matters or reports suspected violations. We train all employees and periodically advise them regarding the means by which they may report possible ethics or compliance issues and their affirmative responsibility to report any possible issues. In our latest employee survey, 97% of employees said they knew what to do if they believed unethical behavior or misconduct occurred in their work area.

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Director Independence

Our Board of Directors has adopted the Company's Standards for Director Independence, which are available on the Company's website at *www.unitedhealthgroup.com*. The Standards for Director Independence requirements exceed the independence standards set by the NYSE.

Our Board of Directors has determined that William C. Ballard, Jr., Richard T. Burke, Robert J. Darretta, Michele J. Hooper, Rodger A. Lawson, Douglas W. Leatherdale, Glenn M. Renwick, Kenneth I. Shine, M.D. and Gail R. Wilensky, Ph.D. are each "independent" under the NYSE rules and the Company's Standards for Director Independence and have no material relationships with the Company that would prevent the directors from being considered independent. Stephen J. Hemsley, the Company's President and CEO, and Edson Bueno, M.D., the President and CEO of the Company's subsidiary, Amil, are not independent directors.

In determining independence, the Board of Directors considered, among other factors, all of the business relationships between the Company and our directors and nominees, their immediate family members (as defined by the NYSE) and their affiliated companies. The Board of Directors considered whether any director or any nominee was a director, partner, significant shareholder or executive officer of an organization that has a relationship with the Company, and also considered charitable contributions that the Company or its affiliates made to organizations with which such directors or nominees are or have been associated. In particular, the Board of Directors evaluated the following relationships and determined that such relationships were in the normal course of business and did not impair the directors' exercise of independent judgment:

Mr. Burke is an owner of Rainy Partners, LLC. Rainy Partners, LLC is a customer of the Company and paid the Company premiums for health insurance of approximately $129,000 in 2012. These premiums were determined on the same terms and conditions as premiums for our other comparable customers.

Mr. Renwick is an officer and director of The Progressive Corporation. Progressive is a customer of the Company and paid the Company approximately $49,000 for software products and medical billing code publications in 2012, which was substantially less than 1% of Progressive's total revenues for 2012. Mr. Renwick was not involved in the decision to purchase the software products or publications, which were sold on terms substantially similar to those provided to other customers.

Dr. Shine is the Executive Vice Chancellor for Health Affairs of the University of Texas System, which includes six health institutions. The health institutions participate in the Company's broad national network of hospitals and physicians and other care providers. In 2012, we paid the UT System approximately $105.1 million for medical expenses on behalf of consumers who obtain health insurance from us and approximately $305,000 for tuition payments for employees, clinical trials and marketing expenses. The UT System paid the Company approximately $848,000 for software products and medical billing code publications in 2012. The aggregate amount of these transactions represents approximately 1% of the 2012 operating revenues of the UT System. In aggregate, our self-funded customers also paid approximately $240.1 million to the UT System for health care services on behalf of their employees and health plan participants. Dr. Shine is neither directly nor indirectly involved in the relationship between the UT System and the Company or the customers of the Company. Dr. Shine has no direct responsibilities for any contractual or other relationships with the Company or its competitors. The UT System has established a process pursuant to which Dr. Shine will not have access to any information that is maintained by the UT System that could be used to benefit or provide an advantage to the Company.

Dr. Wilensky is a senior fellow of Project HOPE. In 2012, the Company paid Project HOPE approximately $1.2 million in fees related to a project to provide greater access to health care to underserved populations via a mobile telemedicine clinic. These fees were for services Project HOPE provides in the ordinary course of its business. The Company believes Project HOPE is uniquely qualified to support the mobile telemedicine clinic because of its success in providing similar health care services in underserved areas throughout the world. In addition, in 2012, the Company paid Project HOPE approximately $41,000 for consulting services and expense reimbursement. Total fees paid by the Company to Project HOPE during 2012 were less than 1% of Project HOPE's total revenues for 2012. Dr. Wilensky is neither directly nor indirectly involved in these relationships.

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The Board of Directors also considered relationships between the Company and organizations on which our outside directors or their immediate family members serve only as directors and determined that such relationships did not impair the directors' exercise of independent judgment.

Independent Board Leadership

Our Board of Directors believes that having independent Board leadership is an important component of our governance structure. As such, our Bylaws require the Company to have either an independent Chair of the Board or a Lead Independent Director. The Company believes the current leadership structure delineates the separate roles of managers and directors. Our CEO sets the strategic direction for the Company, working with the Board, and provides day-to-day leadership; our independent Chair of the Board leads the Board in the performance of its duties and serves as the principal liaison between the independent directors and the CEO. In addition to these overall differences in duties, our Principles of Governance outline the specific duties of the Chair of the Board or a Lead Independent Director, including:

Chairing all meetings of the Board at which the Chair is present (Chair of the Board duty only);

Working with the CEO on the scheduling of Board meetings and the preparation of agendas and materials for Board meetings;

Coordinating the preparation of agendas and materials for executive sessions of the Board's non-management directors;

Scheduling and leading the executive sessions of the Board's non-management directors;

Defining the scope, quality, quantity and timeliness of the flow of information between Company management and the Board that is necessary to effectively and responsibly perform their duties;

Leading the Board process for hiring, terminating and evaluating the performance of the Company's CEO and working with the Chair of the Compensation Committee on the process for compensating and evaluating the CEO;

Recommending outside advisors and consultants, as necessary, who report directly to the Board on Board-related issues;

Serving as an ex-officio member of each committee and working with the Board Committee Chairs on the performance of their designated roles and responsibilities;

Interviewing, along with the Chair of the Nominating Committee, all Board candidates and making director candidate recommendations to the Nominating Committee;

Assisting the Board and the Company in assuring compliance with and implementation of the Company's Principles of Governance;

Coordinating the performance evaluations of the Board and the Board committees in conjunction with the Committee Chairs and the Nominating Committee;

Working with the Nominating Committee on the membership of Board committees; and

Being available for communications with shareholders, as needed.

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Risk Oversight

Enterprise-Wide Risk Oversight

Our Board of Directors oversees management's enterprise-wide risk management activities. Risk management activities include assessing and taking actions necessary to manage risk incurred in connection with the long-term strategic direction and operation of our business. Each director on our Board is required to have risk oversight ability for each skill and attribute the director possesses that is reflected in the collective skills section of our director skills matrix described in "Proposal 1 Election of Directors Director Nomination Process Criteria for Nomination to the Board" above. Collectively, our Board of Directors uses its committees to assist in its risk oversight function as follows:

- The Audit Committee oversees our controls and compliance activities. The Audit Committee also oversees management's processes to identify and quantify material risks facing the Company. The enterprise risk management function, which reports to the Chief Accounting Officer, assists the Company in identifying and assessing the Company's material risks. The Company's General Auditor, who reports to the Audit Committee, assists the Company in evaluating risk management controls and methodologies. The Chief Accounting Officer and General Auditor provide periodic reports to the Audit Committee. In connection with its risk oversight role, the Audit Committee regularly meets privately with representatives from the Company's independent registered public accounting firm and the Company's CFO, General Auditor and Chief Legal Officer;

- The Compensation Committee oversees risk associated with our compensation practices and plans;

- The Nominating Committee oversees Board processes and corporate governance-related risk; and

- The Public Policy Committee oversees risk associated with the public policy arena, including health care reform and modernization activities, political contributions, government relations, community and charitable activities and corporate social responsibility.

Our Board of Directors maintains overall responsibility for oversight of the work of its various committees by receiving regular reports from the Committee Chairs regarding their work. In addition, discussions about the Company's strategic plan, consolidated business results, capital structure, merger and acquisition related activities and other business discussed with the Board of Directors include a discussion of the risks associated with the particular item under consideration.

Enterprise-Wide Incentive Compensation Risk Assessment

Our Compensation Committee requested that management conduct a risk-assessment of the Company's enterprise-wide compensation programs. The risk assessment reviewed both cash incentive compensation plans and individual cash incentive awards paid in 2012 for the presence of potential design elements that could incent employees to incur excessive risk, the ratio and level of incentive to fixed compensation, the amount of manager discretion, the percentage of compensation expense as compared to the business units' revenues, and the presence of other design features that serve to mitigate excessive risk-taking, such as the Company's clawback policy, stock ownership guidelines, multiple performance measures, caps on individual or aggregate payments and similar features. The Compensation Committee also receives an annual report on the Company's compliance with its equity award program controls.

After considering the results of the risk assessment, management concluded that the level of risk associated with the Company's enterprise-wide compensation programs is not reasonably likely to have a material adverse effect on the Company. The results of the risk assessment were reviewed with the Compensation Committee at its February 2013 meeting. Please see "Compensation Discussion and Analysis" for a discussion of compensation design elements intended to mitigate excessive risk-taking by our executive officers.

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Board Meetings and Annual Meeting Attendance

Directors are expected to attend Board meetings, meetings of committees on which they serve and the Annual Meeting of Shareholders. Nine of the ten then-serving directors attended the 2012 Annual Meeting. During the year ended December 31, 2012, the Board of Directors held ten meetings. All of our directors attended at least 75% of the meetings of the Board and any Board committees of which they were members for the period for which they served as directors in 2012.

Board Committees

The Board of Directors has established four standing committees: the Audit Committee, the Compensation Committee, the Nominating Committee and the Public Policy Committee. These committees help the Board of Directors fulfill its responsibilities and assist the Board of Directors in making informed decisions. Each committee operates under a written charter, and evaluates its charter and conducts a committee performance evaluation annually.

Director	Audit	Compensation and Human Resources	Nominating and Corporate Governance	Public Policy Strategies and Responsibility
William C. Ballard, Jr.		X	X	
Edson Bueno, M.D.				
Richard T. Burke*				
Robert J. Darretta	X	X		
Stephen J. Hemsley				
Michele J. Hooper	X		Chair	
Rodger A. Lawson		X		
Douglas W. Leatherdale		Chair	X	X
Glenn M. Renwick	Chair			
Kenneth I. Shine, M.D.				X
Gail R. Wilensky, Ph.D.				Chair

* Mr. Burke is the Chair of the Board and ex-officio member of each Board committee. As an ex-officio member, Mr. Burke has a standing invitation to attend each Board committee meeting, but does not count for quorum purposes or vote on committee matters.

Audit Committee

The Audit Committee consists of Messrs. Renwick (Chair) and Darretta and Ms. Hooper, each of whom is an independent director under the NYSE listing standards and the SEC rules. The Board of Directors has determined that Messrs. Renwick and Darretta and Ms. Hooper are "audit committee financial experts" as defined by the SEC rules. The Audit Committee has responsibility for the selection and retention of the independent registered public accounting firm, and assists the Board of Directors by overseeing financial reporting and internal controls, public disclosure and compliance activities. The Audit Committee also oversees management's processes to identify and quantify material risks facing the Company. The Audit Committee operates as a direct line of communication between the Board of Directors and our independent registered public accounting firm, as well as our internal audit, compliance and legal personnel. The Audit Committee held ten meetings in 2012.

Compensation and Human Resources Committee

The Compensation Committee consists of Messrs. Leatherdale (Chair), Ballard, Darretta and Lawson, each of whom is an independent director under the NYSE listing standards, a non-employee director under the SEC rules and an outside director under the Internal Revenue Code of 1986 (the "Internal Revenue Code"). The

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Compensation Committee is responsible for overseeing our policies and practices related to total compensation for executive officers, the administration of our incentive and equity-based plans and the risk associated with our compensation practices and plans. The Compensation Committee also establishes our employment arrangements with our CEO and other executive officers, conducts an annual performance review of the CEO, and reviews and monitors director compensation programs and the Company's stock ownership guidelines. The Compensation Committee held ten meetings in 2012.

Nominating and Corporate Governance Committee

The Nominating Committee consists of Ms. Hooper (Chair) and Messrs. Ballard and Leatherdale, each of whom is an independent director under the NYSE rules. The Nominating Committee's duties include identifying and nominating individuals to be proposed as nominees for election as directors at each Annual Meeting or to fill Board vacancies, conducting the Board evaluation process, evaluating the categorical standards which the Board of Directors uses to determine director independence, and monitoring and evaluating corporate governance. The Nominating Committee also oversees Board processes and corporate governance-related risk. The Nominating Committee held five meetings in 2012.

Public Policy Strategies and Responsibility Committee

The Public Policy Committee consists of Dr. Wilensky (Chair), Mr. Leatherdale and Dr. Shine. The Public Policy Committee is responsible for assisting the Board of Directors in fulfilling its responsibilities relating to the Company's public policy, health care reform and modernization activities, political contributions, government relations, community and charitable activities and corporate social responsibility. The Public Policy Committee is also responsible for overseeing the risks associated with these activities. The Public Policy Committee held four meetings in 2012.

Communication with the Board of Directors

The Board of Directors values the input and insights of our shareholders and other interested parties and believes that effective communication strengthens the Board of Directors' role as an active, informed and engaged fiduciary. The Board of Directors has adopted a Board of Directors Communication Policy to facilitate communication between shareholders and other interested parties and the Board. Under this policy, the Board of Directors has designated the Company's Secretary to the Board of Directors as its agent to receive and review communications.

The Secretary to the Board of Directors will not forward to the directors communications received which are of a personal nature or not related to the duties and responsibilities of the Board of Directors, including, without limitation, junk mail, mass mailings, business solicitations, routine customer service complaints, new product or service suggestions, and opinion survey polls. The Secretary to the Board of Directors will forward such complaints and suggestions received to the appropriate members of the Company's management.

Appropriate matters to raise in communications to the Board include:

- Board succession planning process;
- CEO succession planning process;
- Executive compensation;
- Use of capital;
- Corporate governance; and
- General Board oversight, including accounting, internal controls, auditing and other related matters.

The policy, including information on how to contact the Board of Directors, may be found in the corporate governance section of the Company's website, *www.unitedhealthgroup.com*.

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EXECUTIVE COMPENSATION

Executive Summary

UnitedHealth Group's compensation program is designed to attract and retain highly qualified executives and to maintain a strong link between pay and the achievement of enterprise-wide goals. We emphasize and reward teamwork and collaboration among executive officers, which we believe produces Company growth and performance, optimizes the use of enterprise-wide capabilities, drives efficiencies and integrates products and services for the benefit of our customers and other stakeholders.

In determining 2012 executive compensation, the Compensation Committee considered the Company's strong growth, operating performance and financial results, all of which were achieved in a challenging economic environment, as well as individual executive performance. Some of our key business results for 2012 were:

- Revenues increased 9% to $110.6 billion from $101.9 billion in 2011;
- Net earnings increased 7% to $5.5 billion from $5.1 billion in 2011;
- Cash flows from operating activities increased 3% to $7.2 billion from $7.0 billion in 2011;
- Earnings per share increased 12% to $5.28 per share from $4.73 per share in 2011; and
- Total shareholder return was 8.6% after achieving 42% in 2011.

As described in the Compensation Discussion and Analysis, this strong financial performance was driven by a broad range of initiatives intended to position the Company for future growth, and a focus on fundamental execution in all our operations.

The Compensation Committee believes that total compensation for the executive officers listed in the 2012 Summary Compensation Table (the "named executive officers") should be heavily weighted toward long-term performance-based compensation, and this was the case for 2012. The elements of compensation for our named executive officers were unchanged from 2011, and in 2012, long-term compensation represented approximately 70% of the total mix of compensation granted to our named executive officers.

As discussed in detail below and reflected in the 2012 Summary Compensation Table, in 2012, the Compensation Committee determined that our CEO, Mr. Hemsley, should receive the following compensation:

- Base salary of $1.3 million, which is unchanged since 2006;
- Annual cash incentive award of $4.0 million, which represents 176% of his target opportunity and reflects Mr. Hemsley's individual performance and the Company's performance against pre-set annual incentive plan performance goals in 2012;
- Long-term cash incentive award of $1.3 million for the 2010-2012 performance period, which represents maximum performance by the Company against pre-set 2010-2012 long-term incentive plan performance goals;
- A performance-based restricted stock unit opportunity ("performance shares") with a target grant date fair value of $3.5 million, and restricted stock units ("RSUs") with a grant date fair value of $3.5 million;

Company matching contributions of $159,450 made under the Company's 401(k) plan and Executive Savings Plan; and

Payment of a Hart-Scott-Rodino Antitrust Improvement Act ("HSR") filing fee of $125,000 on behalf of Mr. Hemsley in order for Mr. Hemsley to maintain and increase his stock ownership in the Company. This amount was imputed as income to Mr. Hemsley, and Mr. Hemsley did not receive any tax gross-up on this amount.

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The Compensation Committee believed this compensation was appropriate to recognize Mr. Hemsley's overall leadership in positioning the Company for long-term success during a period of significant change and modernization in the health care marketplace. In particular, the Committee recognized the CEO's strategic leadership of the Company including his leadership in enhancing the Company's reputation and fostering the Company's ethical culture. Although Mr. Hemsley's total compensation is below the CEO median in the Company's peer group, the Compensation Committee and Mr. Hemsley agree that the total compensation awarded is sufficient to retain and motivate him.

We endeavor to maintain strong governance standards in the oversight of our executive compensation policies and practices, including the following policies and practices that were in effect during 2012:

- The Compensation Committee's independent compensation consultant, Pay Governance LLC, is retained directly by the Compensation Committee and performs no other consulting or other services for the Company.
- Stock ownership guidelines for our executive officers, each of whom complied with the applicable ownership guidelines as of December 31, 2012.
- A stock retention policy that requires executive officers to hold, for at least one year, one-third of the net shares acquired upon vesting or exercise of any equity award granted after October 2009.
- No ongoing pension obligations (supplemental or otherwise) for any of our named executive officers.
- No excise tax gross-ups or executive-only perquisites such as company cars, security systems, financial planning or vacation homes for our executive officers.
- A compensation clawback policy that applies to a number of senior executives, including all of our named executive officers.
- Performance-based compensation arrangements, including performance-based equity awards, that use a variety of performance measures.
- Double trigger accelerated vesting, requiring both a change in control and a qualifying employment termination, on time-based equity awards granted after 2010, which is our only change in control benefit.
- Our 2011 Stock Incentive Plan prohibits the repricing of stock options and stock appreciation rights without shareholder approval.
- Annual advisory shareholder votes to approve the Company's executive compensation.

Compensation Discussion and Analysis

Philosophy and Objectives of our Compensation Program

We seek to attract and retain highly qualified executives and establish a strong pay-for-performance alignment by linking senior management compensation to enterprise goals. The primary objectives of our executive compensation program are to:

Attract, motivate and retain highly qualified executive officers.

Align the economic interests of our executive officers with those of our shareholders.

Reward performance that emphasizes teamwork and close collaboration among executive officers.

Reward performance that supports the Company's values.

Reward performance that advances our mission of helping people live healthier lives.

Foster an entrepreneurial spirit that reflects innovative thinking and action and effective and accountable management and leverages the ingenuity of our employees.

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Compensation Program Principles

Our Compensation Committee uses the following principles to implement our compensation philosophy and achieve our executive compensation program objectives:

Pay-for-performance. A substantial portion of the total compensation of our executive officers is earned based on achievement of enterprise-wide goals that affect shareholder value.

Enhance the value of the business. Incentive compensation design and performance measures encourage executive officers to favor the longer-term value of the Company and avoid excessive risk-taking.

Reward long-term growth and focus management on sustained success and shareholder value creation. Compensation of our executive officers is heavily weighted toward equity and long-term cash awards. These awards encourage sustained performance and positive shareholder returns.

Modest benefits and limited perquisites. We provide standard employee benefits and very limited perquisites to our named executive officers. We believe the absence of executive-only benefits and perquisites is appropriate in our culture and does not impact our ability to attract and retain such executives.

Determination of Total Compensation

Role of the Compensation Committee

The Compensation Committee oversees the Company's policies and philosophy related to total compensation for executive officers. The Compensation Committee approves the compensation for the named executive officers based on its own evaluation, input from our CEO (for all executive officers except for himself), internal pay equity considerations, the tenure and performance of each named executive officer, input from its independent consultant and market data.

In addition, in making compensation decisions, the Compensation Committee considers the results of the Company's annual shareholder advisory votes approving the Company's executive compensation. At our 2011 and 2012 Annual Meetings, more than 97% and 98%, respectively, of the votes cast were in favor of the Company's executive compensation. The Compensation Committee believes these shareholder votes indicate strong support for the Company's executive compensation program.

The Compensation Committee's Use of an Independent Compensation Consultant

The Compensation Committee retains a separate independent compensation consultant, Jon Weinstein of Pay Governance LLC, to advise the Compensation Committee on executive and director compensation matters, assess total compensation program levels and program elements for executive officers and evaluate competitive compensation trends. Pay Governance does not provide any other services to the Company and does not perform any work for management. The Compensation Committee has assessed the independence of Pay Governance, specifically considering the six factors contained in the SEC rules, and concluded that Pay Governance's work for the Compensation Committee does not raise any conflict of interest.

Competitive Positioning

The Compensation Committee believes that total compensation for named executive officers should be heavily weighted toward long-term performance-based compensation, but it does not target a specific mix of annual and long-term compensation or cash and equity compensation.

In general, the Compensation Committee's goal is to achieve total compensation for the named executive officers as a group that falls within a range of the 50th to 75th percentiles of the market data for our peer group (as discussed below) if paid at target. Target total compensation of our named executive officers as a group in 2012, consisting of base salary, target annual cash incentive award, target long-term cash incentive award and the grant date fair value of equity awards (including performance shares at target), resulted in a target compensation opportunity for our named executive officers as a group between the median and the 75th percentile of the market data for our peer group.

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In 2012, the Compensation Committee requested that Pay Governance update its review of the peer group data that was conducted in 2011 to ensure that competitive compensation data was:

- an accurate reflection of the external labor market for senior talent;
- sourced from companies whose scope of operations were generally consistent with the Company's size and complexity; and
- based on a sufficient number of companies to stand up over time to predictable changes in the external market.

The Compensation Committee determined to continue to use market data developed from a broad industry group of premier companies. This group is developed by Pay Governance as follows:

- use the 100 largest companies in revenue or market cap as the starting point;
- eliminate companies in industries that have unique structures that are not relevant to UnitedHealth Group, such as oil and gas, heavy manufacturing, aerospace and defense, auto manufacturing or similar industries, because the Company is unlikely to recruit from these companies;
- eliminate companies with a single line of business so that only multi-segment companies are included; and
- add major companies located near UnitedHealth Group's significant executive locations.

Neither directors nor management participates in the selection of the companies in the peer group and the Compensation Committee is not made aware of the companies in the peer group until the independent compensation consultant presents its benchmarking results to the committee.

In 2012, the Compensation Committee also considered market data from the five largest publicly traded managed care companies with which we compete for business. The Compensation Committee does not use this group of managed care companies as a primary reference point for benchmarking compensation practices, however, because the Company is substantially larger, more complex and more diverse than these companies, and because we believe that the Company competes primarily for talent and capital with other successful large companies across a broader group of industries. The companies that were included in the 2012 peer group and the five managed care companies are listed at the end of this Compensation Discussion and Analysis.

Role of Management and CEO in Determining Executive Compensation

The Compensation Committee has the responsibility to approve and monitor all compensation for our executive officers. Management recommends appropriate enterprise-wide financial and non-financial performance goals for use in incentive compensation. Our CEO assists the Compensation Committee by evaluating the performance of the executive officers that report directly to him and recommending compensation levels for these executive officers. Our CEO does not, however, make recommendations regarding his own compensation.

Use of Tally Sheets and Wealth Accumulation Analysis

When approving compensation decisions, the Compensation Committee reviews tally sheet information for each of our executive officers. These tally sheets are prepared by management and quantify the elements of each executive officer's total compensation. The tally sheets include a summary of all equity awards previously granted to each executive officer, the gain realized from past vesting or exercise of equity awards, the projected value of accumulated equity awards based upon various stock price scenarios, and compensation to be paid under various potential employment termination scenarios. This is done to effectively analyze the compensation each executive officer has accumulated to date and to fully understand the amount the executive officer could accumulate in the future.

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Elements of our Compensation Program

Overview

The compensation program for our named executive officers consists of the following elements:

Compensation Element	Objective	Type of Compensation
Base salary	To provide a base level of cash compensation for executive officers	Annual compensation, not variable
Annual cash incentive awards	To encourage and reward executive officers for individual performance and for achieving annual corporate performance goals	Annual performance compensation, variable
Long-term cash incentive awards	To encourage and reward executive officers for achieving three-year corporate performance goals	Long-term performance compensation, variable
Equity awards	To motivate and retain executive officers and align their interests with shareholders through the use of:	Long-term performance compensation, variable
	Performance shares to motivate sustained performance and growth and potentially assist executives in building ownership in the Company; and	
	RSUs to retain executive officers and build stock ownership positions	
Employee benefits	To promote health, well-being and financial security of employees, including executive officers; constitutes the smallest part of total remuneration	Annual indirect compensation, not variable

Annual Compensation

Base Salary

The Compensation Committee generally determines base salary levels for our named executive officers early in the fiscal year, with changes becoming effective during the first quarter of the fiscal year. For 2012, the Compensation Committee made no changes to base salary for our named executive officers.

Annual Cash Incentive Awards

2012 Annual Incentive Plan Performance Goals

Annual cash incentive awards may be paid if our Company meets or exceeds annual performance goals as determined by the Compensation Committee for that year. In establishing the performance measures for the 2012 annual cash incentive awards in early 2012, the Compensation Committee sought to align broadly the compensation of our executive officers to key elements of the Company's 2012 business plan. Development of the Company's 2012 business plan was a robust process that involved input from all of the Company's business units and was reviewed with the Company's Board of Directors in the fourth quarter of 2011 and the first quarter of 2012. These performance measures are based on enterprise-wide measures because the Compensation Committee believes that the named executive officers share the responsibility to support the goals and performance of the Company as key members of the Company's leadership team. At the target level, the financial performance goals were consistent with or higher than the 2012 financial outlook presented publicly in

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November 2011 at the Company's annual investor conference. The following table sets forth the performance measures and goals established, as well as actual 2012 performance results:

2012 Performance Measure	Weight	Threshold Performance	Target Performance	Maximum Performance	Actual 2012 Performance
Revenue*	1/3	$105.213 billion	$110.750 billion	$116.288 billion	$108.788 billion
Operating Income*	1/3	$7.408 billion	$8.715 billion	$10.022 billion	$9.243 billion
Cash Flows from Operations*		$5.780 billion	$6.800 billion	$7.820 billion	$7.148 billion
Stewardship:	1/3	2 points below 2012 target for customer and physician satisfaction and employee teamwork; 4 points below 2012 target for employee engagement	2011 results except that employee teamwork is 1 point above 2011 results	2 points above 2012 target	At 2012 target or between 2012 target and maximum
Customer and Physician Satisfaction					
Employee Engagement					
Employee Teamwork					

* The Company's annual incentive plan allows for adjustments to the Company's reported earnings for the impact of changes in accounting principles, extraordinary items and unusual or non-recurring gains or losses, including significant differences from the assumptions contained in the financial plan upon which the incentive targets were established. Adjustments to reported earnings are intended to better reflect executives' line of sight/ability to affect payouts, align award payments with growth of the Company's business, avoid artificial inflation or deflation of awards due to unusual or non-recurring items in the applicable period and emphasize the Company's preference for long-term and sustainable growth. The actual 2012 revenue, operating income and cash flows from operations results were adjusted downward from the Company's GAAP results as reported in our Annual Report on Form 10-K for the year ended December 31, 2012 to exclude results related to certain acquisitions that were not contemplated in our annual plan.

Context for the 2012 Annual Cash Incentive Plan Performance Goals

The 2012 financial performance measures at target level represented year-over-year growth in revenues of $6.0 billion and year-over-year growth in operating income of $86 million, but also included an expected year-over-year decline in operating cash flows of $268 million. This reflected the Company's view that there would be a continued difficult business environment in 2012, including expectations that:

- the general unemployment rate would improve slightly over 2011 but remain in a range of 8% to 9%;
- there would not be favorable development in previously reported medical costs payable estimates, and utilization would begin increasing from the historically low levels experienced over the past several years;

- there would be continued downward rate pressure in both Medicare Advantage and Medicaid payment rates received from the federal and state governments;

- there would be an increased level of investment in the OptumRx business to prepare for the insourcing of UnitedHealthcare's commercial pharmacy benefits management services; and

- operating cash flows would be negatively impacted year-over-year from the initial payment of minimum medical loss ratio rebates.

The 2012 non-financial performance measures at target level represented stable performance or an increase over 2011 in all categories. These measures were viewed to be important to obtaining longer-term financial successes that might not be immediately reflected in annual financial results. The Compensation Committee was of the view that the breadth of financial and non-financial performance measures for the 2012 annual cash incentive award would motivate the executive officers to achieve results that should contribute to value creation for our shareholders on a long-term basis and avoid excessive risks.

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At the beginning of 2012, the Committee believed that achievement of the annual incentive goals required substantial performance on a broad range of initiatives contained in the 2012 business plan. These initiatives included the following:

- grow enrollment across all medical product categories for a total increase in UnitedHealthcare medical enrollment of approximately one million individuals;
- continue to execute our major, multi-track Medicare Advantage remediation plan to compensate for funding rates from the federal government that are projected to be less than the rate of medical cost inflation;
- continue to innovate in commercial products, service and distribution;
- deliver more effective and comprehensive clinical management;
- complete the build-out of OptumRx pharmacy benefits management infrastructure to support the insourcing of UnitedHealthcare's commercial members, and successfully execute the first customer migration phase on January 1, 2013;
- execute on Optum's growth and cost structure improvement initiatives, including the advancement of an integrated "One Optum" infrastructure; and
- further improve our consolidated operating cost ratio.

The Company made substantial progress with regard to these initiatives. In addition to these initiatives, the Company completed its procurement of the TRICARE West region managed care support contract, which resulted in increased implementation expenses incurred in 2012 in advance of assumption of this business in April 2013. As a result of our strong business performance in 2012, operating income and cash flows for 2012 were significantly above target levels. Revenues were slightly below target because the Company's membership growth in its Part D and Medicare Advantage businesses were below internal goals. Non-financial performance measures were at or above target levels. Our 2012 financial results represented increases over 2011 results in every measure. Earnings per share increased 12% in 2012, and the Company's total shareholder return was 8.6%, reflecting continued successful performance in an uncertain environment.

While the program uses defined performance measures and weightings to determine an overall funding level for the Company's bonus pool, individual annual cash incentive awards are not purely formulaic. In determining the amount of the actual annual incentive award to be paid, the Committee considers the CEO's recommendations for executive officers other than himself, the business performance underlying each of the measures, macroeconomic factors disproportionately impacting business performance, individual executive performance factors, market positioning, teamwork and related matters. The Compensation Committee retains discretion to pay an annual incentive award that is higher or lower than the performance level achieved based on these considerations if threshold performance is achieved on any performance measure. However, the overall pool cannot be exceeded.

Determination of 2012 Annual Cash Incentive Award Opportunities

At the beginning of each year, the Compensation Committee approves an "annual cash incentive target opportunity" for each executive officer as a percentage of the executive officer's base salary. In 2012, the maximum cash incentive award that each executive officer could earn, as set by the Compensation Committee, was equal to two times the executive officer's applicable annual cash incentive target opportunity.

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The target opportunity established for the named executive officers is intended to increase collaboration, teamwork and accountability across the enterprise, to recognize the skills and versatility of each executive officer and to reflect relative contributions to the success of the overall enterprise. The target percentages for annual cash incentive awards to our named executive officers and the actual 2012 annual cash incentive awards paid are set forth in the table below:

	2012 Annual Cash Incentive Awards			
Name	**Target Percentage (% of Salary)**	**Target Award Value ($)**	**Actual Award Paid ($)**	**Paid Award (% of Target)**
Stephen J. Hemsley	175%	2,275,000	4,000,000	176%
David S. Wichmann	150%	1,275,000	2,250,000	176%
Gail K. Boudreaux	150%	1,275,000	2,250,000	176%
Larry C. Renfro	150%	1,275,000	2,254,614	177%
Lori Sweere	100%	600,000	1,200,000	200%
Anthony Welters	150%	1,125,000	1,825,000	162%

In determining the 2012 annual cash incentive award amounts, the Committee took into account the Company's performance against the 2012 annual performance goals set forth in the table above and a qualitative assessment of individual performance and accomplishments. Individual factors considered are as follows:

For Mr. Hemsley, the Committee coordinates a formal performance evaluation by all non-management directors. The 2012 performance evaluation focused on the following seven areas: strategic focus, leadership and organization effectiveness, vision and values, corporate reputation and government relations, board relations, and overall performance. The Committee concluded that Mr. Hemsley's performance was strong and distinctive in each category. Each of the specific areas considered for the other named executive officers below were also considered as part of Mr. Hemsley's evaluation.

Mr. Wichmann's individual performance considerations included continued success in achieving operational cost savings initiatives; continued success in acquisition integration, continued enterprise-wide technological advancement and simplification and continued success in balance sheet, cash flow and capital management disciplines.

Ms. Boudreaux's individual performance considerations included continued growth in the Company's benefits businesses, health reform implementation and readiness activities undertaken by the Company's commercial benefits businesses, success in the TRICARE business procurement and implementation readiness activities, organizational simplification, and significant progress with respect to "pay for performance" care provider and facility contract provisions.

Mr. Renfro's individual performance considerations included significant progress in achievement of a multi-year "One Optum" strategic direction and related organizational and operational simplification initiatives and success in implementation readiness activities for the migration of the Company's commercial pharmacy benefit management business to OptumRx.

Ms. Sweere's individual performance considerations included continued success in the Company's talent development processes and pipelines as evidenced by the strength and depth of the Company's management team and numerous external recognitions relating to talent.

Mr. Welters individual performance considerations included health reform implementation and readiness activities undertaken by the Company's Government Affairs department and continued advancement of reputational and social responsibility initiatives.

The Compensation Committee did not make specific assessments of, quantify or otherwise assign relative weightings to the factors considered in reaching its decisions with respect to any of the named executive officers.

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See the 2012 Summary Compensation Table and other related compensation tables below for details regarding 2012 total compensation.

Long-Term Incentive Compensation

Long-term incentive compensation, consisting of the long-term cash incentive program and equity awards, represents the largest portion of executive officer compensation. This combination of long-term incentives provides a compelling performance-based compensation opportunity, aids in aligning and retaining the senior management team and accelerates the optimization of business unit capabilities across the enterprise.

Long-Term Awards

2010-2012 Long-Term Cash Incentive and Performance Share Goals and Context

The long-term cash incentive award and performance share programs create a financial incentive for achieving or exceeding three-year financial goals for the enterprise. The earned long-term cash incentive award and performance shares for the 2010-2012 performance period were based on achieving the following performance results versus the pre-set goals:

2010-2012 Performance Measure	Weight	Threshold Performance	Target Performance	Maximum Performance	Actual 2010-2012 Performance
Cumulative Earnings Per Share	50%	$9.23	$10.19	$10.76	$14.11
Return on Equity	50%	12.2%	14.2%	16.2%	18.8%

The performance measures and goals for the 2010-2012 performance period were established during the first quarter of 2010 based on the Company's Long-Term Plan. The first year of the Long-Term Plan was based on the Company's 2010 business plan. Subsequent years were based on assumptions and growth initiatives developed in conjunction with the Company's business units and reviewed by the Board of Directors. Some key assumptions and elements of the Long-Term Plan were:

- continued high unemployment levels following the financial crisis and recession during 2008 and 2009, resulting in significant commercial enrollment declines in 2010;
- enrollment growth across all Medicare and Medicaid product categories in all years, and commercial enrollment growth in 2011 and 2012;
- significant downward rate pressure in both Medicare Advantage and Medicaid payment rates received from the federal and state governments;
- an expectation that medical trend would be consistent with historical levels;
- delivery of ever more effective and comprehensive clinical management; and
- ongoing improvements to our consolidated operating cost ratio.

To achieve maximum performance for both the long-term cash incentive plan and the performance share plan, cumulative three-year earnings per share ("EPS") performance of $10.76 and an average return on equity ("ROE") of 16.2% were required. This maximum performance level corresponded to a compound annual growth rate in EPS of 8.2% over the three-year period, with a decrease in EPS projected for 2010 due to the economic and rate pressures noted above, followed by EPS growth of 15% in 2011 and 2012. The Company had a compound annual EPS growth rate of 17.7% over the three-year performance period. The resulting cumulative EPS of $14.11 was $3.35 above the maximum performance level.

The 16.2% average ROE maximum performance level represented a decrease from the actual ROE at the time the goal was established, reflecting the anticipated decline in 2010 earnings. The resulting three-year average ROE was 18.8%, 260 basis points above the maximum performance level.

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Environmental factors influencing these results, both positively and negatively, included:

- a continued movement to managed care in state-based Medicaid programs;
- a lower rate of overall inflation and a significant decrease in medical trend over the three-year period;
- an unemployment rate that remained in the 8% to 10% range for most of 2010 through 2012;
- adoption of federal health care reform legislation, including new coverage requirements and minimum loss ratio regulations; and
- greater than anticipated downward rate pressure in both Medicare Advantage and Medicaid payment rates received from the federal and state governments.

Similar to the annual incentive plan, the Company's long-term incentive plan allows for adjustments to the Company's reported results in determining long-term incentive plan awards, namely the impact of changes in accounting principles, extraordinary items and unusual or non-recurring gains or losses. No adjustments were made to the Company's financial results in determining long-term incentive award and performance share payout levels for the 2010-2012 performance period.

2010-2012 Long-Term Cash Incentive Awards

At the beginning of each three-year performance period, the Compensation Committee approves a "long-term cash incentive target opportunity" for each executive officer as a percentage of the executive officer's average base salary over the performance period. For the 2010-2012 performance period, the maximum cash incentive award that an executive officer could earn was set by the Compensation Committee to be equal to two times the applicable long-term cash incentive target opportunity.

The Compensation Committee believed that it was important to provide the same relative target opportunity to all of the named executive officers to increase collaboration, teamwork and accountability across the enterprise and to recognize the skills and versatility of each executive officer. The target percentages for long-term cash incentive awards to our named executive officers and the actual long-term cash incentive awards paid for the 2010-2012 performance period are set forth in the table below:

	Long-Term Cash Incentive Award				
Name	**Target Percentage (% of 3-Year Average Base Salary)**	**Target Award Value ($)**	**Maximum Award Value ($)**	**Actual Award Paid ($)**	**Paid Award (% of Target)**
Stephen J. Hemsley	50%	650,000	1,300,000	1,300,000	200%
David S. Wichmann	50%	397,115	794,230	794,230	200%
Gail K. Boudreaux	50%	397,115	794,230	794,230	200%
Larry C. Renfro	50%	394,808	789,616	789,616	200%

Lori Sweere	50%	300,000	600,000	600,000	200%
Anthony Welters	50%	365,705	731,410	731,410	200%

The primary factor considered by the Compensation Committee in the determination of the long-term cash incentive award amounts was achievement of 2010-2012 long-term incentive plan measures above the maximum goal.

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2010-2012 Performance Share Awards

The use of performance shares as a component of the overall equity awards granted was based upon the Compensation Committee's consideration of competitive market data; the desirability of utilizing a balanced system to mitigate risk; the desire to encourage superior performance and build ownership; and conversations with shareholders about the desirability of this type of equity award as a component of a pay-for-performance program. The actual shares that were earned for the 2010-2012 performance period are set forth in the table below as well as reflected in the 2012 Options Exercises and Stock Vested table:

	Long-Term Performance Shares			
Name	**Target Shares (#)**	**Maximum Shares (#)**	**Actual Shares Paid (#)**	**Paid Award (% of Target)**
Stephen J. Hemsley	90,910	181,820	181,820	200%
David S. Wichmann	60,607	121,214	121,214	200%
Gail K. Boudreaux	60,607	121,214	121,214	200%
Larry C. Renfro	60,607	121,214	121,214	200%
Lori Sweere	30,304	60,608	60,608	200%
Anthony Welters	60,607	121,214	121,214	200%

Equity Awards

Equity Award Practices

Awards of equity-based compensation to our executive officers serve the purposes described above under "Long-Term Incentive Compensation." The Compensation Committee determined that equity-based compensation for 2012 should include grants of RSUs and performance shares to achieve balance and effectiveness in our equity-based compensation and to align the interests of our executive officers and our shareholders. RSU grants were selected because they are full value shares with time vesting and, as such, provide added retention value. Performance share grants were selected to ensure a strong pay-for-performance alignment of the Company's compensation program with shareholder interests. The Compensation Committee's decision to grant performance shares was informed, in part, by discussions held between the Company and certain of its shareholders regarding the merits of performance shares in a pay-for-performance executive compensation program.

The Compensation Committee's equity award policy requires that all grants of equity be made at set times, and the Compensation Committee does not delegate authority to management to grant equity awards. We do not have a specific program, plan or practice to time equity compensation awards to named executive officers in coordination with our release of material information.

The Company does not pay dividend equivalents on performance shares granted to employees. After considering general market practices, the Compensation Committee amended the RSU award agreements to permit the payment of dividend equivalents on RSUs awarded in 2011 and after. The dividend equivalents are subject to the same terms as the RSUs and will be forfeited if the underlying RSUs do not vest.

The aggregate number of shares subject to equity awards made in 2012 was less than 1% of the Company's shares outstanding at the end of 2012.

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Equity Awards 2012

In February 2012, the Compensation Committee granted the following target number of performance shares and RSUs to Messrs. Hemsley, Wichmann, Renfro and Welters and Mses. Boudreaux and Sweere:

Name	Target Number of Performance Shares	Annual RSU Award
Stephen J. Hemsley	67,269	67,269
David S. Wichmann	43,245	43,245
Gail K. Boudreaux	43,245	43,245
Larry C. Renfro	43,245	43,245
Lori Sweere	19,220	19,220
Anthony Welters	38,440	38,440

The grant date fair values and terms of these equity awards are discussed in the 2012 Grants of Plan-Based Awards table.

In February 2012, the Compensation Committee authorized a change in the retirement provisions of Mr. Renfro's equity awards to provide that, for purposes of calculating years of service for retirement eligibility, Mr. Renfro will receive two years of service credit for each year he remains employed with the Company after he reaches age 59. In addition, the Committee agreed that if Mr. Renfro's employment is terminated by the Company without "cause" or if he terminates employment for "good reason" (as these terms are defined in the award agreements) prior to the date upon which he becomes retirement eligible, Mr. Renfro will be deemed to have met the applicable age and service requirements needed to be eligible for retirement under the Company's equity award agreements. The only retirement benefit that the Company provides to its executive officers is enhanced vesting and exercisability of equity in connection with retirement, and the Company does not provide any pension or SERP benefits to the executive officers. The Committee approved these changes for Mr. Renfro to address internal equity issues among the executive officers and to provide a strong retention incentive for Mr. Renfro.

Other Compensation

Benefits

In addition to generally available benefits, our executive officers are eligible to receive supplemental long-term disability coverage equal to 60% of base salary (up to $420,000) and all of our named executive officers, other than Mr. Hemsley, receive supplemental group term life insurance coverage of $2 million. Executive officers are also eligible to participate in our non-qualified Executive Savings Plan. See the 2012 Non-Qualified Deferred Compensation table for additional information regarding contributions, earnings and distributions for each named executive officer under the Executive Savings Plan. Our Executive Savings Plan does not provide for guaranteed or above-market interest.

As part of our continued focus on the community, the Company implemented an Executive Board Service Matching Program. This program is available to approximately 200 senior leaders of the Company, including the named executive officers. This program provides for Company matching contributions on a 1:1 or 2:1 basis to certain charitable and nonprofit organizations up to a maximum amount of $10,000 per organization and a maximum annual Company match amount of $40,000 per senior leader. In order to receive the matching contribution, the employee must serve on the board of the charitable or nonprofit organization and make an equivalent personal financial contribution.

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Perquisites

We do not believe that providing generous executive perquisites is either necessary to attract and retain executive talent or consistent with our pay-for-performance philosophy. Therefore, other than the benefits described above, we do not provide perquisites such as excise tax gross-ups, company automobiles, security services, private jet services, financial planning services, club memberships, apartments or vacation homes to our executive officers. Our corporate aircraft use policy prohibits personal use of corporate aircraft by any executive officer. Because there is essentially no incremental cost to the Company, however, the policy does permit an executive officer's family member to accompany the executive officer on a business flight on Company aircraft provided a seat is available.

Employment Agreements and Post-Employment Payments and Benefits

The Company has a policy of entering into employment agreements with each of our named executive officers. These employment agreements are described in greater detail in "Executive Employment Agreements."

None of the employment agreements provides for ongoing fixed minimum annual equity awards or fixed cash incentive awards except for certain limited duration commitments made to Gail Boudreaux and Larry Renfro when they joined the Company. The Company's policies related to post-employment payments and benefits do not provide for enhanced cash severance payments upon termination in connection with a change in control or for excise tax gross-up payments payable in connection with a change in control. The Company also does not have any ongoing supplemental executive retirement plan obligations for its named executive officers.

The employment agreements with our executive officers provide for certain severance payments in connection with their termination of employment under various circumstances, typically termination by the Company without "cause" or by the executive officer for "good reason." See "Executive Employment Agreements" and "Potential Payments Upon Termination or Change in Control" for additional information regarding potential severance payments that may be made to the named executive officers. We have provided these post-employment payments and benefits and severance payment triggers because they have enabled us to obtain specific post-employment non-competition, non-solicitation and non-disclosure agreements with our executive officers that we believe are of value to the Company and our shareholders.

Prior to 2011, our equity award agreements typically provided that the awards become fully vested and exercisable if the executive officer's employment ends due to death or disability, or if a change in control of the Company occurs. Beginning in 2011, equity award agreements that contain time-based vesting features no longer provide for "single-trigger" accelerated vesting upon a change in control. These agreements now include a "double-trigger" provision, which provides for accelerated vesting only if there is a change in control and the executive officer's employment is terminated without "cause" or the executive officer terminates his or her employment for "good reason" within two years of the change in control. For performance shares, the target number of performance shares will immediately vest upon a change in control of the Company. The Compensation Committee determined that "double-trigger" acceleration of vesting for time-based equity better preserved the retentive value of the equity award and was more consistent with the interests of our shareholders. Our equity award agreements also generally provide for continued vesting and exercisability during any period in which an executive officer receives severance and for continued exercisability of vested awards for a limited period of time after termination of employment for other reasons. In addition, stock option awards granted in 2009 and going forward provide for continued vesting and exercisability for up to five years after retirement, subject to certain conditions. The Compensation Committee elected to provide such continued vesting and exercisability because such provisions are a common market practice and our other retirement benefits are limited to the Company's 401(k) plan and non-qualified deferred compensation plan.

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Other Compensation Practices

Executive Stock Ownership Guidelines

The Compensation Committee believes that executive stock ownership aligns management's interests with those of shareholders and fosters a long-term outlook, while also assisting in the mitigation of compensation risk. Under our stock ownership guidelines, each executive officer must beneficially own at least the following amounts of the Company's common stock within three years of the executive officer's election or appointment as an executive officer:

- for the CEO, five times base salary; and
- for other executive officers, two times base salary.

Stock options and stock appreciation rights ("SARs") do not count towards satisfying the ownership requirements under the guidelines, regardless of their vesting status, and performance shares do not count towards satisfying the ownership requirements until they are vested. Time-based RSUs and restricted stock awards are counted toward the satisfaction of the ownership requirements. The Compensation Committee periodically reviews compliance with the ownership requirements. As of the record date of this proxy statement, all of our named executive officers were in compliance with the ownership requirements, including Mr. Hemsley, who, as of March 1, 2013, directly owned shares with a value equal to 108 times his base salary.

Additionally, in 2009, the Board established a stock retention policy for executive officers that are subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which includes our named executive officers. For equity awards received after October 23, 2009, Section 16 officers are required to retain one-third of the net shares acquired upon the vesting or exercise of any equity awards for at least one year.

Transactions in Company Securities

In general, SEC rules prohibit uncovered short sales of our common stock by our executive officers, including the named executive officers. Accordingly, our insider trading policy prohibits short sales of our common stock by all employees and directors. Our insider trading policy was amended in 2012 to prohibit hedging transactions by all directors and employees and to require advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management, although pledges existing at the time of the amendment were grandfathered. In 2012, no executive officer or director sought or received advance approval from the Compensation Committee regarding pledging transactions.

Potential Impact on Compensation from Executive Misconduct/Compensation Clawbacks

If the Board of Directors determines that an executive officer has engaged in fraud or misconduct, the Board of Directors may take a range of actions to remedy the misconduct, prevent its recurrence and impose such discipline as would be appropriate, including, without limit: (i) terminating employment and (ii) initiating legal action against the executive officer. In addition, with respect to our senior executives, including our named executive officers, if the fraud or misconduct causes, in whole or in part, a material restatement of the Company's financial statements, action may include (a) seeking reimbursement of the entire amount of cash incentive compensation awarded to the executive officer, if the executive officer would have received a lower (or no) cash incentive award if calculated based on the restated financial results and (b) canceling all outstanding vested and unvested equity awards subject to the clawback policy and requiring the executive officer to return to the Company all gains from equity awards realized during the twelve-month period following the filing of the incorrect financial statements.

The Compensation Committee plans to review our clawback policy and revise it as necessary to comply with any forthcoming SEC rules implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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Consideration of Risk in Named Executive Officer Compensation

Our compensation programs are balanced, focused on long-term pay-for-performance and allow for discretion. The Compensation Committee believes that the design of the compensation program for our executive officers does not encourage excessive or unnecessary risk-taking, as illustrated by the following list of features:

- Our annual cash bonus program includes a variety of financial and non-financial measures that require substantial performance on a broad range of initiatives;
- The Compensation Committee has capped the maximum amount of annual cash bonus and long-term cash bonus that can be earned;
- Our equity awards include a mix of RSUs and performance shares to encourage sustained performance over time;
- We have stock ownership guidelines for our executive officers;
- We require executive officers to hold, for at least one year, one-third of the net shares acquired upon vesting or exercise of any equity award granted after October 2009; and
- We have a clawback policy that deters misconduct or fraudulent behavior by recouping the entire bonus paid, not just the amount that would not have been earned.

In addition, our Compensation Committee retains discretion to adjust compensation for quality of performance, adherence to Company values and other factors.

Accounting and Tax Considerations

Internal Revenue Code Section 162(m) imposes a $1 million corporate deduction limit for compensation to the Company's CEO and its three other highest-paid executive officers (other than the CFO) employed at the end of the year, unless the compensation is "performance-based," as defined in Section 162(m), and provided under a plan that has been approved by the shareholders. As part of the federal health care reform legislation enacted in 2010, Section 162(m) was revised as it pertains to compensation paid by health insurers, including the Company. Starting in 2013, an annual tax deduction limit of $500,000 per person will apply to compensation that we pay to any of our employees and certain service providers, regardless of whether such compensation is deemed performance-based under Section 162(m) or is provided pursuant to a shareholder-approved plan. The tax deduction limitation also applies to compensation earned in 2010 through 2012, to the extent that the receipt of the compensation is deferred until after 2012. Any outstanding stock options and SARs that were fully vested prior to 2010 are not subject to the tax deduction limitation. The tax deduction limitation has already begun to impact the Company. As described in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, the Company lost some tax benefits that would otherwise have been available in 2012 for deferred compensation that will be paid after 2012 that the Company believes will be in excess of the $500,000 deduction limit.

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Peer Group and Managed Care Companies

Peer Group		Managed Care Companies
3M Company	Google Inc.	Aetna Inc.
Abbott Laboratories	Hewlett-Packard Company	CIGNA Corp.
Amazon.com Inc.	Home Depot, Inc. (The)	Coventry Health Care Inc.
American Express Co.	Intel Corporation	Humana Inc.
American International Group, Inc.	International Business Machines Corp.	WellPoint Inc.
Ameriprise Financial Inc.	Johnson & Johnson	
AmerisourceBergen Corporation	JPMorgan Chase & Co.	
Amgen Inc.	Kraft Foods Inc.	
Apple Inc.	Kroger Co. (The)	
Archer Daniels Midland Company	Lowe's Companies Inc.	
AT&T, Inc.	Mastercard Incorporated	
Bank of America Corp.	McDonald's Corp.	
Berkshire Hathaway Inc.	McKesson Corporation	
Best Buy Co. Inc.	Medtronic, Inc.	
Bristol-Myers Squibb Co.	Merck & Co. Inc.	
Bunge Limited	MetLife, Inc.	
Cardinal Health Inc.	Microsoft Corporation	
Cargill, Incorporated	Oracle Corp.	
Cisco Systems Inc.	PepsiCo, Inc.	
Citigroup, Inc.	Pfizer Inc.	
Coca-Cola Company (The)	Procter & Gamble Co.	
Colgate-Palmolive Co.	Prudential Financial Inc.	
Costco Wholesale Corporation	QUALCOMM Incorporated	
CVS Caremark Corporation	Safeway Inc.	
Dell Inc.	Sears Holdings Corporation	
Dow Chemical Company (The)	Sysco Corp.	
eBay Inc.	Target Corp.	
E.I. duPont de Nemours & Company	Travelers Companies, Inc. (The)	
Eli Lily and Co.	U.S. Bancorp	
EMC Corporation	United Parcel Service, Inc.	
Express Scripts Holding Company	Verizon Communications Inc.	
FedEx Corporation	Visa, Inc.	
General Electric Company	Walgreen Co.	
General Mills, Inc.	WellPoint Inc.	
Goldman Sachs Group, Inc. (The)	Wells Fargo & Company	

Compensation and Human Resources Committee Report

The Compensation and Human Resources Committee has reviewed and discussed the above Compensation Discussion and Analysis with management. Based on its review and discussions, the Compensation and Human Resources Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 2012. This report was provided by the following independent directors who comprise the Compensation and Human Resources Committee:

Douglas W. Leatherdale (Chair)
William C. Ballard, Jr.
Robert J. Darretta
Rodger A. Lawson

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2012 Summary Compensation Table*

The following table provides certain summary information for the years ended December 31, 2012, 2011 and 2010 relating to compensation paid or granted to, or accrued by us on behalf of, our named executive officers.

me and ncipal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	SAR Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)
phen J. Hemsley	2012	1,300,000		7,000,012		5,300,000	(7)	287,443	13,887,4
sident and CEO	2011	1,300,000		7,000,028		4,940,000		154,804	13,394,8
	2010	1,300,000		4,500,045	1,500,007	3,400,000		110,079	10,810,1
vid S. Wichmann	2012	850,000		4,500,074		3,044,230		106,549	8,500,8
ecutive Vice President	2011	832,692		7,000,070		2,794,200		84,212	10,711,1
l CFO									
il K. Boudreaux	2012	850,000		4,500,074		3,044,230		103,770	8,498,0
ecutive Vice President	2011	832,692	205,000	7,000,070		2,794,200		93,353	10,925,3
l CEO, UnitedHealthcare	2010	700,000	205,000	3,000,063	1,000,004	1,400,000		68,679	6,373,7
rry C. Renfro	2012	850,000		4,500,074	37,494	3,044,230		185,006	8,616,8
ecutive Vice President	2011	832,692		7,000,070		2,734,600		35,825	10,603,1
l CEO, Optum	2010	692,308		3,000,063	1,000,004	1,400,000		240,300	6,332,6
ri Sweere									
ecutive Vice President,	2012	600,000		2,000,034		1,800,000		73,338	4,473,3
man Capital									
thony Welters	2012	750,000		4,000,066		2,556,410		104,608	7,411,0
ecutive Vice President	2011	744,231		4,500,060		2,514,600		112,118	7,871,0
	2010	700,000		3,000,063	1,000,004	1,400,000		119,687	6,219,7

*

Please see "Compensation Discussion and Analysis" above for a description of our executive compensation program necessary to an understanding of the information disclosed in this table. Please see "Executive Employment Agreements" below for a description of the material terms of each named executive officer's employment agreement.

(1)

Amounts reported reflect the base salary earned by named executive officers in the years ended December 31, 2012, 2011 and 2010. Amounts reported for 2012 include the following salary amounts deferred by the named executive officers under our Executive Savings Plan:

Name

	Amount Deferred
Stephen J. Hemsley	$78,000
David S. Wichmann	$51,000
Gail K. Boudreaux	$51,000
Larry C. Renfro	$51,000
Lori Sweere	$36,000
Anthony Welters	$45,000

(2)
The amounts reported in this column reflect the aggregate grant date fair value of the RSUs and performance shares (at target) granted in 2012, 2011 and 2010 and computed in accordance with FASB ASC Topic 718, based on the closing

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stock price on the grant date. The grant date fair value of RSUs granted in 2012 and the grant date fair value of performance shares granted in 2012 if target performance and maximum performance is achieved are as follows:

Name	Restricted Stock Units	Performance Shares Target	Performance Shares Maximum
Stephen J. Hemsley	$3,500,006	$3,500,006	$7,000,012
David S. Wichmann	$2,250,037	$2,250,037	$4,500,074
Gail K. Boudreaux	$2,250,037	$2,250,037	$4,500,074
Larry C. Renfro	$2,250,037	$2,250,037	$4,500,074
Lori Sweere	$1,000,017	$1,000,017	$2,000,034
Anthony Welters	$2,000,033	$2,000,033	$4,000,066

See the 2012 Grants of Plan-Based Awards table for more information on stock awards granted in 2012.

(3)

The actual value to be realized by a named executive officer depends upon the performance of the Company's stock and the length of time the SAR award is held. No value will be realized with respect to any SAR award if the Company's stock price does not increase following the award's grant date or if the executive officer does not satisfy the vesting criteria.

The amounts reported in this column reflect the aggregate grant date fair value of SARs granted in 2010 computed in accordance with FASB ASC Topic 718. In Mr. Renfro's case, the amount shown for 2012 reflects the incremental increase in fair value with respect to SARs granted in 2009 and 2010, the award agreements for which were amended in 2012 in order to revise the terms pursuant to which Mr. Renfro will be deemed retirement eligible. The grant prices for Mr. Renfro's 2009 and 2010 SARs were not modified in connection with such amendments. See footnote 6 to the 2012 Grants of Plan-Based Awards table for additional detail. For a description of the assumptions used in computing the aggregate grant date fair value, see Note 11 to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. These same assumptions have been used in computing aggregate grant date fair value since fiscal year 2009.

(4)

Amounts reported include both annual and long-term cash incentive awards to our named executive officers under our 2008 Executive Incentive Plan. The 2012 annual incentive awards, including amounts deferred by the named executive officers, were the following:

Name	Total Amount of Annual Cash Incentive Award	Amount of Annual Cash Incentive Award Deferred
Stephen J. Hemsley	$4,000,000	$240,000
David S. Wichmann	$2,250,000	$135,000
Gail K. Boudreaux	$2,250,000	$225,000
Larry C. Renfro	$2,254,614	
Lori Sweere	$1,200,000	$ 72,000
Anthony Welters	$1,825,000	$109,500

The long-term cash incentives for the 2010-2012 incentive period under our 2008 Executive Incentive Plan were the following:

Name	Period	Total Amount of Long-Term Cash Incentive Award
Stephen J. Hemsley	2010-2012	$1,300,000
David S. Wichmann	2010-2012	$ 794,230

Gail K. Boudreaux	2010-2012	$ 794,230
Larry C. Renfro	2010-2012	$ 789,616
Lori Sweere	2010-2012	$ 600,000
Anthony Welters	2010-2012	$ 731,410

(5)

Named executive officers participate in our Executive Savings Plan, which is a non-qualified deferred compensation plan. The Executive Savings Plan does not credit above-market earnings or preferential earnings to the amounts deferred, and accordingly, no non-qualified deferred compensation earnings have been reported. Under the Executive Savings Plan, there are no measuring investments tied to Company stock performance. The measuring investments are a collection of unaffiliated mutual funds identified by the Company.

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(6)