UNITEDHEALTH GROUP INC
Form DEF 14A
April 22, 2015

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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)

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ý No fee required.

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9900 Bren Road East, Minnetonka, Minnesota 55343

April 22, 2015

Dear Shareholder:

We cordially invite you to attend our 2015 Annual Meeting of Shareholders. We will hold our meeting on Monday, June 1, 2015, 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
Chief Executive Officer

Richard T. Burke
Chair 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 1, 2015, 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 ten nominees that are set forth in the attached proxy statement to the Company's Board of Directors.
2. To approve the compensation paid to the Company's named executive officers as disclosed in the proxy statement.
3. To approve certain amendments to the UnitedHealth Group Incorporated 2011 Stock Incentive Plan, including an increase in the number of shares authorized for issuance under the plan by 70,000,000.
4. To approve a proposal to reincorporate the Company from Minnesota to Delaware.
5. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2015.
6. To consider a shareholder proposal set forth in the proxy statement, if properly presented at the Annual Meeting.
7. 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 2, 2015 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 22, 2015

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 1, 2015:

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, 2014 are first being mailed to the Company's shareholders and made available on the internet at *www.unitedhealthgroup.com/proxymaterials* on or about April 22, 2015. 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. Despite significant pressures relating to government reductions in Medicare Advantage program funding and the impacts of health care reform implementation, we achieved strong business results in 2014, including:

- Revenues increased 7% to $130.5 billion from $122.5 billion in 2013;
- Operating earnings increased 7% year-over-year to $10.3 billion, and net earnings attributable to UnitedHealth Group common shareholders ("net earnings") remained strong at $5.6 billion and were supported by cash flows from operations of $8.1 billion;
- Earnings per share increased 4% to $5.70 per share from $5.50 per share in 2013;
- Return on equity again exceeded 17% in 2014;
- Total shareholder return, as defined later in this proxy statement, was 36% in 2014 and 106% over the 2012-2014 time period;
- Our annual dividend rate increased to $1.50 per share, paid quarterly, representing a 34% increase over the annual dividend rate of $1.12 per share paid quarterly since the second quarter of 2013;
- We repurchased $4 billion in stock at an average price of $82.57 per share;
- UnitedHealth Group was the top ranking company in the insurance and managed care sector on *Fortune's* 2015 "World's Most Admired Companies" list, based on 2014 results. This is the fifth consecutive year UnitedHealth Group ranked No. 1 overall in its sector and the sixth year in a row the Company has been rated No. 1 in its sector for innovation;
- UnitedHealth Group was recognized as one of America's 50 most community-minded companies for 2014 in *The Civic 50*, and ranked first in the health care industry for the second consecutive year; and
- UnitedHealth Group was listed in the Dow Jones Sustainability World Index and Dow Jones North America Index for the 16th consecutive year.

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 an independent Chair of our Board of Directors, and nine of our eleven directors are independent.

Nominating Advisory Committee We have established a Nominating Advisory Committee comprised of long-term shareholders of the Company and a member of the medical community that provides our Nominating and Corporate Governance Committee (the "Nominating Committee") with additional input regarding desirable characteristics of director candidates and the composition of our Board.

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.

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Stock Ownership Guidelines Each of our executive officers and directors satisfied our stock ownership guidelines as of December 31, 2014. Mr. Hemsley, our CEO, directly owned shares equal to 279 times his base salary as of March 16, 2015.

Stock Retention Policy We generally 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. Our directors are required to hold all equity awards granted until completion of service on the Board.

Clawback Policy We have adopted a clawback policy that entitles the Board of Directors to seek reimbursement from our senior executives if they are involved in fraud or misconduct that causes a material restatement or in the event of a senior executive's violation of non-compete, non-solicit or confidentiality provisions.

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.

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 prohibits all directors, executive officers 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.

Absence of Rights Plan We do not have a shareholder rights plan, commonly referred to as a "poison pill."

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 at our 2014 Annual Meeting of Shareholders, reflected by the fact that more than 98% of the votes cast were in favor of our say-on-pay proposal.

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 drive 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.

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

Summary of Compensation Paid to Stephen Hemsley, our CEO, in 2014

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

Cash incentive awards Annual cash incentive award of $3.0 million and long-term cash incentive award of $949,000, which reflect the Company's performance against pre-set goals and continued strong leadership by Mr. Hemsley.

Equity awards Performance shares with a target grant date fair value of $3.75 million, restricted stock units with a grant date fair value of $3.875 million and stock options with a grant date fair value of $1.875 million.

Company matching contributions $104,700 under our 401(k) and executive savings plan.

Mr. Hemsley's total compensation is 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 2014 is described in the "Compensation Discussion and Analysis" section.

Strong Governance Standards in Oversight of Executive Compensation Policies

We 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.
- 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 grants.
- 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 5-9)

The Board has nominated ten 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 46-47)

The Board is seeking advisory approval of the compensation paid to the Company's named executive officers as disclosed in this proxy statement. 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 2014 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 Approval of Amendments to the 2011 Stock Incentive Plan **(see pages 51-56)**

The Board is seeking approval of certain amendments to the UnitedHealth Group Incorporated 2011 Stock Incentive Plan (the "2011 Plan"). The purpose of the 2011 Plan is to aid in attracting and retaining employees,

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management and members of the Board of Directors. The Company desires to motivate them to put forth maximum efforts for the success of the business. The proposed amendments would:

- Increase the number of shares authorized for issuance under the 2011 Plan by 70,000,000 shares;
- Provide that, with respect to any awards other than stock options and stock appreciation rights granted in the future, the number of shares available for awards will be reduced by 2.50 shares for each share covered by such award or to which such award relates; and
- Delete the 41,332,237 share limit in the 2011 Plan with respect to the number of shares that may be used for awards other than stock options and stock appreciation rights.

More detail regarding the proposed amendments to the 2011 Plan may be found beginning on page 51, and the amended 2011 Plan is set forth in its entirety in Appendix A to this proxy statement. **The Board recommends that shareholders vote FOR approval of the amendments to the 2011 Plan.**

Proposal 4 Reincorporation from Minnesota to Delaware (see pages 57-79)

The Board is seeking approval of a proposal that would permit the Company to reincorporate in Delaware. In considering this proposal, please read the section entitled "Proposal 4 Reincorporation of the Company from Minnesota to Delaware" on pages 60-79, which explains the reasons why the Board believes reincorporating to Delaware is in the best interest of the Company and its shareholders and explains how the reincorporation will affect the Company and its shareholders. In addition, please see the sections entitled "Reincorporation Summary" and "Questions and Answers About the Reincorporation" on pages 57-60. **The Board has approved a plan to reincorporate the Company from Minnesota to Delaware and recommends that shareholders vote FOR the Company's reincorporation.**

Proposal 5 Ratification of Independent Registered Public Accounting Firm (see pages 83-84)

The Audit Committee has appointed Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2015. The Board is seeking shareholder ratification of this appointment. **The Board recommends that shareholders vote FOR ratification of the appointment of Deloitte & Touche LLP.**

Proposal 6 Shareholder Proposal Regarding Independent Board Chair (see pages 84-85)

We have been informed that a shareholder owning no fewer than 50 shares of our common stock intends to introduce a resolution requesting that the Board adopt a policy requiring an independent Board chair. Because Richard Burke, Chair of our Board, is independent, the Board has concluded that the request has already been implemented and that the proposal is unnecessary. In addition, our Principles of Governance provide that the Board would appoint an independent lead director if a future Board Chair were not independent. **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 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 represent a diverse group and have expertise in the following areas:

- Corporate governance;
- Finance;
- Health care industry;
- Consumer marketing;

Brand marketing/public relations;

Legal matters;

Capital markets;

Political/health care policy;

Clinical practice;

Technology/business processes; and

Experience with large complex organizations.

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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 successes achieved and challenges it has faced over the years, while newer directors bring fresh perspectives and ideas. Tenure of the independent director nominees is as follows:

Years of Service on the Board of Directors	Number of Independent Director Nominees
1 - 5 years	1
6 - 10 years	4
More than 10 years	3

Each of our director nominees has satisfied all the core director criteria set forth in the skills matrix, except that Dr. Bueno is not an independent director because he is the founder and CEO of Amil and Mr. Hemsley is not an independent director because he is our CEO. The following table sets forth our director nominees' expertise in the substantive areas included in the skills matrix.

	Ballard	Bueno	Burke	Darretta	Hemsley	Hooper	Lawson	Renwick	Shine	Wilensky
Corporate Governance				ü		ü	ü	ü		
Finance	ü		ü	ü	ü	ü	ü	ü		
Health Care Industry	ü	ü	ü	ü	ü	ü		ü	ü	ü
Direct Consumer Marketing				ü			ü	ü		
Brand Marketing/Public Relations		ü					ü	ü		
Legal Matters	ü									
Capital Markets	ü			ü	ü		ü	ü		
Political/Health Care Policy		ü	ü						ü	ü
Clinical Practice		ü							ü	
Technology/Business Processes		ü	ü	ü	ü	ü	ü	ü		
Experience with Large Complex Organizations	ü	ü	ü	ü	ü	ü	ü	ü	ü	ü

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.

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.

Although the Board does not establish specific goals with respect to diversity, the Board's overall diversity is a consideration in the director nomination process. For this year's election, the Board has nominated ten individuals; all are incumbent nominees who currently bring tremendous diversity to the Board. Each nominee is a strategic thinker and has varying, specialized experience in the areas that are relevant to the Company and its businesses. Moreover, their collective experience covers a wide range of countries, geographies and industries, including health care, insurance, consumer products, technology and financial services, including roles in academia and government. The ten director nominees range in age from 59 to 80 and two of the ten director nominees are women; one is African-American; and three are citizens of other countries including Brazil, New Zealand and the United Kingdom. The Board views this diversity as a clear strength.

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Nominating Advisory Committee

The Board of Directors formed the Nominating Advisory Committee in 2006 to provide the 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 met in January 2014. A description of the Nominating Advisory Committee, including a description of how the members of the committee are nominated and selected, can be found on our 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 2016 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 24, 2015. If the Reincorporation is approved, the notice must be received no earlier than February 2, 2016 and no later than March 3, 2016. 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.

No shareholders nominated or recommended candidates for the Board of Directors in connection with the 2015 Annual Meeting.

2015 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 ten directors set forth below for election by the shareholders at the 2015 Annual Meeting. All of the nominees were elected by our shareholders at the 2014 Annual Meeting. 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

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for any reason, the persons named as proxies will elect a replacement. After many years of exceptional service, Mr. Leatherdale is retiring from the Board and will not stand for election at the 2015 Annual Meeting.

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

Name	**Age**	**Director Since**
William C. Ballard, Jr.	74	1993
Edson Bueno, M.D.	71	2012
Richard T. Burke	71	1977
Robert J. Darretta	68	2007
Stephen J. Hemsley	62	2000
Michele J. Hooper	63	2007
Rodger A. Lawson	68	2011
Glenn M. Renwick	59	2008
Kenneth I. Shine, M.D.	80	2009
Gail R. Wilensky, Ph.D.	71	1993

The director nominees, if elected, will serve until the 2016 Annual Meeting or until their successors are elected and qualified. Following is a brief biographical description of each director nominee. A table listing the areas of expertise in the skills matrix that are held by each director and that, in part, led the Board to conclude that each respective director should continue to serve as a member of the Board is included on page 6.

Mr. Ballard served as Of Counsel to Bingham Greenebaum Doll LLP (formerly 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 currently serves as a director of Health Care REIT, Inc.

Dr. Bueno is the founder and CEO of Amil Assistência Médica Internacional S.A., formerly Amil Participações S.A. ("Amil"), in which UnitedHealth Group owns a 90% interest. Founded in 1978, Amil is the largest health care organization in Brazil, currently assisting more than six 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.

Mr. Burke is Chair of the Board of Directors of UnitedHealth Group, has been a member of our Board since 1977, 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 currently serves as a director of Meritage Homes Corporation.

Mr. Darretta is the retired Vice Chair of the 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 March 1997 to March 2007. Mr. Darretta joined Johnson & Johnson in 1968. Mr. Darretta currently serves as a trustee for certain Putnam mutual funds.

Mr. Hemsley is 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 and became Chief Operating Officer in 1998. Mr. Hemsley served as President and Chief Operating Officer from 1999 to November 2006 and as President and CEO from November 2006 to November 2014.

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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 is a nationally recognized corporate governance expert. 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, a mutual fund and financial services 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. We believe that Mr. Lawson's past experience as an executive at a major institutional investor is of significant value to the Board. Mr. Lawson currently serves as Chair of the Board of Directors of E*TRADE Financial Corporation.

Mr. Renwick is Chair of the Board of Directors, President and CEO of The Progressive Corporation, an auto insurance holding company. Before being named President and 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 also currently serves as a director of Fiserv, Inc.

Dr. Shine has been the Special Advisor to the Chancellor for Health Affairs of the University of Texas System (the "UT System"), which consists of nine academic campuses and six health institutions, since September 2013. Dr. Shine served as Executive Vice Chancellor for Health Affairs of the UT System from November 2003 to September 2013 and 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 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. He is a nationally recognized cardiologist.

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 is a nationally recognized health care economist. 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. and SRA International Inc.

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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. We will also provide copies of any of these documents without charge upon written request to the Company's Secretary to the Board of Directors. Our key corporate governance practices are highlighted below.

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. To address a provision in Minnesota law that allows a director who has not been re-elected to remain in office until a successor is elected and qualified, we have a policy requiring any director who does not receive a greater number of votes "for" than "against" his or her election in an uncontested election to tender his or her resignation from the Board of Directors following certification of the shareholder vote.

Our Articles of Incorporation and Bylaws do not have any 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

All members of our Audit Committee are "audit committee financial experts" as defined by the Securities and Exchange Commission ("SEC").

A non-management director may not serve on more than three other public company boards of directors.

Our CEO does not serve on any public company boards of directors other than 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.

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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 and Stock Retention Policy," "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 entitles the Board of Directors to seek reimbursement from our senior executives if they are involved in fraud or misconduct that causes a material restatement or, in the event of a senior executive's violation of non-compete, non-solicit or confidentiality provisions. See "Compensation Discussion and Analysis Elements of Our Compensation Program Other Compensation Practices Potential Impact on Compensation from Executive Misconduct/Compensation Clawbacks."

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, executive officers 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."

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

Independent Auditors

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

The 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 2014.

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; 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 our 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

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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 our 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 2014 employee survey, 97% of employees said they knew what to do if they believed unethical behavior or misconduct occurred in their work area.

Director Independence

Our Board of Directors has adopted the Company's Standards for Director Independence, which are available on our 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 CEO, and Edson Bueno, M.D., founder and CEO of Amil, are not independent directors.

In determining independence, the Board of Directors considered, among other factors, 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' ability to exercise independent judgment:

Mr. Burke is an owner of Rainy Partners, LLC. Rainy Partners is a customer of the Company and paid the Company premiums for health insurance of approximately $159,000 in 2014. These premiums were determined on the same terms and conditions as premiums for other comparable customers.

Dr. Shine is the Special Advisor to the Executive Vice Chancellor for Health Affairs of the University of Texas System (the "UT 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 2014, we paid the UT System approximately $133 million for medical and related expenses on behalf of consumers who obtain health insurance from us. The UT System paid the Company approximately $702,000 for software products in 2014. The aggregate amount of these transactions represents 1.15% of the 2014 operating revenues of the UT System. In aggregate, our self-funded customers paid approximately $347 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

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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 2014, Project HOPE paid the Company approximately $1.1 million for premiums for health insurance and approximately $31,000 for self-funded health plan administrative fees. These premiums and fees were determined on the same terms and conditions as premiums and fees for other comparable customers. Dr. Wilensky is neither directly nor indirectly involved in these relationships.

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 management's internal controls and compliance activities. The Audit Committee also oversees management's processes to identify and quantify material risks facing the Company, including risks disclosed in the Company's Annual Report on Form 10-K. 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. Our current Board of Directors' leadership structure separates the positions of CEO and Chair of the Board. The Board believes that this separation is appropriate for the Company at this time because it allows for a division of responsibilities and a sharing of ideas between individuals having different perspectives.

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 2014 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 level of compensation expense relative 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 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 2015 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. All eleven directors attended the 2014 Annual Meeting. During the year ended December 31, 2014, the Board of Directors held ten meetings. All directors attended at least 75% of the meetings of the Board and any Board committees of which they were members in 2014.

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 fulfill its responsibilities and assist the Board in making informed decisions. Each committee operates under a written charter, and evaluates its charter and conducts a committee performance evaluation annually. The following table identifies the members of each committee as of March 16, 2015:

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

Chairperson Member Financial Expert

* 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 and public disclosure. The Audit Committee reviews and assesses the effectiveness of the Company's policies, procedures and resource commitment in the areas of compliance, ethics, privacy and data security, by interacting with the leadership and management responsible for these functions. The Audit Committee also oversees management's processes to identify and quantify material risks facing the Company. The Audit Committee establishes procedures concerning the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters. The Audit Committee operates as a direct line of

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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 2014.

Compensation Committee

The Compensation Committee consists of Messrs. Lawson (Chair) and Ballard and Dr. Wilensky, each of whom is an independent director under the NYSE listing standards and the SEC rules, a non-employee director under the SEC rules and an outside director under the Internal Revenue Code of 1986 (the "Internal Revenue Code"). The 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 five meetings in 2014.

Nominating Committee

The Nominating Committee consists of Ms. Hooper (Chair) and Messrs. Ballard and Leatherdale, each of whom is an independent director under the NYSE listing standards. 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 four meetings in 2014.

Public Policy Committee

The Public Policy Committee consists of Dr. Wilensky (Chair), Dr. Bueno and Dr. Shine. Dr. Wilensky and Dr. Shine are each independent directors under the NYSE listing standards. 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 2014.

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 our website, *www.unitedhealthgroup.com*.

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 fosters 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 2014 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 2014 were:

- Revenues increased 7% to $130.5 billion from $122.5 billion in 2013;
- Operating earnings increased 7% year-over-year to $10.3 billion, and net earnings stayed strong at $5.6 billion and were supported by cash flows from operations of $8.1 billion;
- Earnings per share increased 4% to $5.70 per share from $5.50 per share in 2013;
- Return on equity again exceeded 17% in 2014;
- Total shareholder return, which is defined as the increase in stock price, together with dividends paid, was 36% in 2014 and 106% over the 2012-2014 time period;
- Our annual dividend rate increased to $1.50 per share, paid quarterly, representing a 34% increase over the annual dividend rate of $1.12 per share paid quarterly since the second quarter of 2013;
- We repurchased $4 billion in stock at an average price of $82.57 per share;
- UnitedHealth Group was the top ranking company in the insurance and managed care sector on *Fortune's* 2015 "World's Most Admired Companies" list, based on 2014 results. This is the fifth consecutive year UnitedHealth Group ranked No. 1 overall in its sector and the sixth year in a row the Company has been rated No. 1 in its sector for innovation;
- UnitedHealth Group was recognized as one of America's 50 most community-minded companies for 2014 in *The Civic 50*, and ranked first in the health care industry for the second consecutive year; and
- UnitedHealth Group was listed in the Dow Jones Sustainability World Index and Dow Jones North America Index for the 16th consecutive year.

The Compensation Committee believes that total compensation for the executive officers listed in the 2014 Summary Compensation Table (the "named executive officers") should be heavily weighted toward long-term performance-based compensation, and this was the case for 2014. The elements of compensation for our named executive officers were unchanged from 2013. In 2014, long-term compensation represented approximately 76% of the total mix of compensation granted to our named executive officers.

As discussed in detail below and reflected in the 2014 Summary Compensation Table, in 2014, 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 $3.0 million, which represents 132% of his target opportunity;

- Long-term cash incentive award of $949,000 for the 2012-2014 performance period, which represents above target performance by the Company against pre-set 2012-2014 long-term incentive plan performance goals;

- A performance-based restricted stock unit opportunity ("performance shares") with a target grant date fair value of $3.75 million, restricted stock units ("RSUs") with a grant date fair value of $3.875 million, and non-qualified stock options with a grant date fair value of $1.875 million; and

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- Company matching contributions of $104,700 made under the Company's 401(k) plan and Executive Savings Plan.

We endeavor to maintain strong governance standards in the oversight of our executive compensation programs, including the following policies and practices that were in effect during 2014:

- The direct retention by the Compensation Committee of its independent compensation consultant, Pay Governance LLC, which 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, 2014. Mr. Hemsley, our CEO, directly owned shares equal to 279 times his base salary as of March 16, 2015.

- A stock retention policy that generally 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.

- 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.

- A compensation clawback policy that entitles the Board of Directors to seek reimbursement from our senior executives if they are involved in fraud or misconduct that causes a material restatement, or in the event of a senior executive's violation of non-compete, non-solicit or confidentiality provisions.

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

- Double-trigger accelerated vesting of time-based equity awards, requiring both a change in control and a qualifying employment termination, which is our only change in control consideration.

- Prohibition on repricing of stock options and stock appreciation rights without shareholder approval.

- Annual advisory shareholder vote 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:

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

Attract, motivate and retain highly qualified executive officers.

Reward performance that emphasizes teamwork and close collaboration among executive officers while also recognizing individual performance.

Reward performance that supports the Company's values.

Reward performance that advances our mission of helping people live healthier lives and helping to make the health system work better for everyone.

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 long-term value of the business. Our incentive compensation design and the performance measures we select encourage executive officers to focus on enhancing 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 long-term equity awards. These awards encourage sustained performance and positive shareholder returns.

Standard benefits and very limited perquisites. We provide standard employee benefits and very limited perquisites to our executive officers. We generally do not have any "executive-only" benefits or perquisites, which we believe is appropriate in our culture and does not impact our ability to attract and retain top executive talent.

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 himself), internal pay equity considerations, the tenure, role 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. Since our inaugural vote in 2011, more than 97% of the votes cast have been in favor of the Company's executive compensation at each of our annual meetings. 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 Mr. Weinstein and of Pay Governance, specifically considering, in accordance with SEC rules, whether Mr. Weinstein and Pay Governance had any relationships with the Company, our officers or our Board members that would impair their independence. Based on this evaluation, the Compensation Committee concluded that Mr. Weinstein's and 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 the 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 and does not use competitive compensation benchmark data to formulaically set compensation amounts.

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

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(as discussed below) if paid at target. Target total compensation of our named executive officers as a group in 2014, 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 50th and the 75th percentile of the market data for our peer group. The Compensation Committee believes this range is an appropriate reflection of the Company's size, complexity and relative performance over the past several years. The following is a brief summary of the processes followed by the Compensation Committee to select competitive compensation benchmark data and how the Compensation Committee uses that data.

The Compensation Committee requests Pay Governance to conduct an annual review of the compensation peer group. This review occurs at the second quarter Compensation Committee meeting because recent financial and compensation data is generally available. The annual review is intended to ensure that the peer group companies are appropriate from a business and talent perspective.

Following this review in 2014, the Compensation Committee decided to make changes to the peer group composition. Previously, a general industry peer group comprised of large public companies was used. In 2014, management of the Company completed an analysis of approximately 240 senior members of management, including the industries from which they were recruited. Pay Governance used this data to formulate a peer group focused on the broad categories of industries reflected in the career experience and work histories of those leaders. Pay Governance used the following methodology to develop the peer group:

- All U.S. publicly traded companies in the following industries as the starting point:

Health care	Pharma/Biotech/Life Sciences
Insurance	Financial Services
Technology	Professional Services (*e.g.,* consulting, accounting)

- Then limit the list to the top 25 companies by revenue and market cap, to avoid companies of significantly smaller scope; and

- Add major companies located near UnitedHealth Group's headquarters and primary operating locations.

This screen process resulted in the 51 companies set forth under "Peer Group and Managed Care Companies" below, of which 48 were included in the Company's prior general industry peer group. As compared to the peer group, the Company is:

- In the top decile on a revenue basis;

- Approximately at median on a market cap basis;

- Approximately at the 75th percentile on an earnings from operations basis; and

- Approximately at the 70th percentile on a number of employees basis.

The Compensation Committee approves the process by which the peer group companies are selected.

The Compensation Committee also considers market data from the four largest publicly traded managed care companies with which we compete for business, three of which are in the 51 company peer group described above. However, the Compensation Committee does not use this group of managed care companies as a primary reference point for benchmarking compensation practices 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.

Once the process by which peer group companies are selected is determined, the Compensation Committee generally uses the peer group data as follows:

- At the fourth quarter Compensation Committee meeting, Pay Governance conducts an annual review of the market competitiveness of the Company's executive compensation program for the Company's executive officers. The review compares the compensation opportunities provided to the Company's executive officers to peer group companies on a position-by-position basis and on an aggregate basis.

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At the first quarter meeting, the Compensation Committee determines pay opportunities for each officer, using the market competitiveness assessment from the fourth quarter as a reference point. In addition, the Compensation Committee takes into consideration the Company's performance against previously established performance goals, each officer's individual performance, internal equity, and other relevant business performance that may not be adequately captured by the Company and individual officer goals.

The companies that were included in the 2014 peer group and the four 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 comprehensive 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 achieving annual corporate performance goals and individual performance results	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	
	RSUs to retain executive officers and build stock ownership positions	
	Non-qualified stock options to encourage sustained stock price appreciation	
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. The Compensation Committee kept base salaries for 2014 the same as they were for 2013. In February 2015, following consideration of 2014 performance evaluations and to reflect increased responsibilities undertaken in connection with business realignment activities announced in November 2014, the Compensation Committee approved the following changes to base salary levels for our named executive officers for fiscal 2015. The changes to the base salary for Mr. Wichmann, Mr. Renfro and Ms. Short were made retroactive to December 1, 2014:

Name	2015 Base Salary ($)	2014 Base Salary ($)	Increase From 2014 to 2015 (%)
Stephen J. Hemsley	1,300,000	1,300,000	
David S. Wichmann	1,100,000	900,000	22%

Larry C. Renfro	1,100,000	900,000	22%
Marianne D. Short	800,000	750,000	7%
Eric S. Rangen	400,000	400,000	

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Annual Cash Incentive Awards

2014 Annual Incentive Plan Performance Goals

Annual cash incentive awards may be paid if our Company meets or exceeds annual performance goals for that year as determined by the Compensation Committee. In establishing the performance measures for the 2014 annual cash incentive awards in early 2014, the Compensation Committee sought to align broadly the compensation of our executive officers with key elements of the Company's 2014 business plan. Development of the Company's 2014 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 2013 and the first quarter of 2014. 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 generally higher than the 2014 financial outlook presented publicly in December 2013 at the Company's annual investor conference. The following table sets forth the performance measures and goals established, as well as actual 2014 performance results:

2014 Performance Measure	Weight	Threshold Performance	Target Performance	Maximum Performance	Actual 2014 Performance
Revenue*	1/3	$123.5 billion	$130.0 billion	$136.5 billion	$130.004 billion
Operating Income*	1/3	$9.078 billion	$10.68 billion	$12.282 billion	$10.274 billion
Cash Flows from Operations*		$7.055 billion	$8.3 billion	$9.545 billion	$8.051 billion
Stewardship:	1/3	2013 target	2 point above 2013 target	4 points above 2013 target	
Customer and Physician Satisfaction					
Employee Engagement					At 2013 threshold for customer and physician satisfaction; below threshold for employee engagement; and between threshold and target for employee teamwork
Employee Teamwork					

* The Company's annual incentive plan allows for adjustments to the Company's reported results 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 results 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. In 2014, revenues were decreased to remove the revenues of acquired companies whose acquisitions were not contemplated when the targets were established.

Context for the 2014 Annual Cash Incentive Plan Performance Goals

The 2014 financial performance measures at target level represented year-over-year growth in revenues of $7.5 billion or 6.1%, year-over-year growth in operating income of $1.1 billion or 11.0% (~2% on an after-tax basis), and a year-over-year increase in operating cash flows of $1.3 billion or 18.7%. These targets reflected the view that there would be a continued difficult business environment in 2014, including the following expectations:

Implementation of several major provisions of the Affordable Care Act, including the insurance industry tax, public exchanges, a transitional reinsurance program, individual and small group market reforms, and expanded Medicaid coverage;

There would not be net favorable development in previously reported medical costs payable estimates;

Health system utilization would increase modestly from the historically low levels experienced over the past several years; and

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- There would be continued downward rate pressure in Medicare Advantage payment rates received from the federal government, resulting in a decision by the Company to exit certain plans and market areas.

The 2014 non-financial performance measures were based on survey data results and, at target levels, represented increases over 2013 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 2014 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.

At the beginning of 2014, the Compensation Committee believed that achievement of the annual incentive goals required substantial performance on a broad range of initiatives contained in the 2014 business plan. These initiatives included the following:

- Grow medical enrollment in government programs by approximately 600,000 despite Medicare Advantage market exits, while limiting commercial enrollment losses;
- 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 and prepare for a broader level of participation in the public exchanges in 2015;
- Deliver more effective and comprehensive clinical management, and expand the proportion of our network operating with value-based contracts;
- Execute on Optum's growth and margin improvement initiatives;
- Implement price increases and productivity initiatives in the Amil business to offset pressure from 2013 regulatory changes; and
- Further improve our consolidated operating cost ratio after considering the impact of changes in business mix.

The Company made substantial progress with regard to the initiatives above. While the Company significantly exceeded its enrollment targets for Medicare and Medicaid, commercial enrollment losses were greater than targeted. Revenues were at target levels after excluding revenues from acquisitions that were not contemplated when targets were established.

Both operating income and cash flows from operations for 2014 were slightly below target, but were above the midpoint of the ranges presented at the Company's December 2013 investor conference. Non-financial performance measures were at or above threshold levels except for employee engagement, which was below the threshold performance level. Earnings per share increased 4% in 2014, and the Company's total shareholder return was 36%, reflecting continued successful performance in an uncertain environment.

While the Company 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 Compensation Committee considers the CEO's recommendations for executive officers other than himself, the business performance underlying each of the performance measures, macroeconomic factors disproportionately impacting business performance, individual executive performance, 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 2014 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.

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The target opportunities established for the named executive officers are 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. At the end of the fiscal year, the Compensation Committee reviews the Company's achievement of the performance goals set at the beginning of the year and makes annual cash incentive awards based on such performance. In making these awards, the Compensation Committee has the ability to use its discretion to increase or decrease the actual awards made in view of actual performance, individual contributions and overall business and market conditions.

In 2014, the Compensation Committee evaluated the Company's 2014 performance against the performance goals, and in light of economic conditions, business challenges and individual performances, the Compensation Committee exercised its discretion to adjust the 2014 annual cash incentive awards such that they represented 100%-222% of the targets set at the beginning of 2014. The target percentages for annual cash incentive awards to our named executive officers and the actual 2014 annual cash incentive awards paid are set forth in the table below. An explanation of how the individual amounts were determined follows the table.

2014 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	3,000,000	132%
David S. Wichmann	150%	1,350,000	3,000,000	222%
Larry C. Renfro	150%	1,350,000	3,000,000	222%
Marianne D. Short	100%	750,000	1,125,000	150%
Eric S. Rangen	75%	300,000	300,000	100%
Gail K. Boudreaux	150%	1,350,000	3,000,000	222%

In determining the 2014 annual cash incentive award amounts, the Compensation Committee took into account the Company's performance against the 2014 annual performance goals set forth in the table above, business results described under "Context for the 2014 Annual Cash Incentive Plan Performance Goals" and a qualitative assessment of individual performance and accomplishments. Individual factors considered are as follows:

For Mr. Hemsley, the Compensation Committee coordinates a formal performance evaluation by all non-management directors. The 2014 performance evaluation focused on the following areas: strategic focus, leadership and organization effectiveness, vision and values, corporate reputation and government relations, Board relations, and overall performance. The Compensation Committee concluded that Mr. Hemsley's performance was outstanding and distinctive in each category.

Mr. Wichmann's individual performance considerations included leadership in rapidly developing multiple innovative new business platforms addressing multibillion dollar growth opportunities, developing and implementing more modern and engaging approaches to serving care providers and consumers by providing timely, relevant information through intuitive technologies, continued success in operational cost savings initiatives, acquisition integration, including Amil in Brazil, enterprise-wide technological advancement and simplification, development of global sourcing capabilities, balance sheet, cash flow and capital management disciplines, and his assumption of responsibility for UnitedHealthcare in November 2014. In recognition of this particularly strong business performance, the Compensation Committee exercised its discretion to pay an annual cash incentive in excess of the Compensation Committee's typical 200% cap.

Mr. Renfro's individual performance considerations included completion of the largest and most successful pharmacy benefits management membership migration in the history of that sector, significant progress in achievement of a multi-year "One Optum" strategic direction, related organizational and operational simplification initiatives, launch of a new business platform to modernize health care administration, and

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successful work in connection with the remediation of technical issues with the federal government's healthcare.gov operating platform. In recognition of this particularly strong business performance, the Compensation Committee exercised its discretion to pay an annual cash incentive in excess of the Compensation Committee's typical 200% cap.

Ms. Short's individual performance considerations included an assessment of her strong leadership as a UnitedHealth Group executive in general and leadership of the legal department, implementation of Foreign Corrupt Practices Act compliance programs in recent international acquisitions, participation in cost management initiatives, and distinctive leadership and judgment in ongoing litigation and business matters.

Mr. Rangen's individual performance considerations included ongoing implementation of an enterprise risk management program to effectively manage large scale risk for the organization, and embedding the program in annual strategic planning process, leadership and oversight of the issuance of over 150 audited financial statements including US GAAP, IFRS, benefit plan, subsidiary, and domestic and international statutory filings; and financial compliance oversight for all enterprise SEC-related activities, including all accounting policy decisions.

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. See the 2014 Summary Compensation Table and other related compensation tables below for details regarding 2014 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

2012-2014 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 2012-2014 performance period were based on achieving the following performance results versus the pre-set goals:

2012-2014 Performance Measure	Weight	Threshold Performance	Target Performance	Maximum Performance	Actual 2012-2014 Performance
Cumulative Earnings Per Share	50%	$14.61	$15.49	$16.72	$16.48
Return on Equity	50%	15.7%	17.7%	19.7%	17.9%

The performance measures and goals for the 2012-2014 performance period were established during the first quarter of 2012 based on the Company's long-term business plan. The first year of the long-term business plan was based on the Company's 2012 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. Due to uncertainty of the financial impact of U.S. Congressional activities at the time and certain aspects of the federal Affordable Care Act, the Company's long-term business plan specifically excluded the impact of sequestration (federal budget cuts arising from the Budget Control Act of 2011) and the insurer's fee (an industry-wide assessment to health insurers under the Affordable Care Act). The financial impact of sequestration and the insurer's fee was therefore excluded from the initial targets set for the 2012-2014 long-term cash incentive and performance share programs. For consistency with the actual results, the targets used for determining payouts under these programs incorporate the impact of sequestration and the insurer's fee.

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Other key assumptions and elements of the long-term business plan were:

- Commercial, Medicare and Medicaid enrollment growth in all years, including significant growth in 2014 from Medicaid expansion and participation in public health exchanges;
- Significant downward rate pressure in both Medicare Advantage and Medicaid payment rates received from federal and state governments;
- An expectation that medical cost trends would be consistent with historical levels and that there would not be net favorable development in previously reported medical cost payable estimates;
- Delivery of more effective and comprehensive clinical management;
- Improvement in Centers for Medicare and Medicaid Services ("CMS") star ratings in each year;
- Alignment and simplification of our various Optum business units into a technology-enabled health care services business platform driving distinctive revenue, margin and earnings performance;
- Insourcing pharmacy benefits management for UnitedHealthcare commercial members;
- Ongoing improvements to our consolidated operating cost ratio on a comparable business mix basis; and
- Effective cross-enterprise collaboration across various business units for the benefit of customers and our overall reputation.

To achieve maximum performance for both the long-term cash incentive plan and the performance share plan, the Company would have to achieve cumulative three-year earnings per share ("EPS") performance of $16.72 and an average return on equity ("ROE") of 19.7%. These maximum performance levels corresponded to a compound annual growth rate in EPS of 7.3% over the three-year period, with EPS growth of nearly 10% in both 2012 and 2013 followed by growth of 2.6% in 2014 due to the commencement of the insurer's fee. The Company had a compound annual EPS growth rate of 6.4% over the three-year performance period. The resulting cumulative EPS of $16.48 was between the target and maximum performance level.

Factors that positively or negatively influenced our results subsequent to the approval of the long-term business plan in early 2012 included:

- A continued movement to managed care in state-based Medicaid programs and faster than anticipated enrollment of individuals that became eligible with the expansion of Medicaid in 2014;
- Continued relatively favorable medical cost trend experience over the three-year period;
- Limited participation in federal and state exchanges in 2014;
- Delayed implementation of the employer mandate, originally scheduled to become effective in 2014; and

Greater than anticipated downward rate pressure in Medicare Advantage payment rates received from the federal government.

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 adjustments that account for 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 2012-2014 performance period.

2012-2014 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. At the end of a performance period, the Compensation Committee reviews the Company's achievement of the performance goals set at the beginning of the performance period and makes long-term cash incentive awards based on such performance. In making these awards, the Compensation

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Committee has the ability to use its discretion to increase or decrease the actual awards made in view of actual performance, individual contributions and overall business and market conditions.

For the 2012-2014 performance period, the target opportunity for each executive officer was 50% of base salary, and 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. In choosing this 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 2012-2014 performance period are set forth in the table below:

Long-Term Cash Incentive Award

Name	Target Percentage (% of 3-Year Average Base Salary)	Threshold Award Value ($)	Target Award Value ($)	Maximum Award Value ($)	Actual Award Paid ($)	Paid Award (% of Target)
Stephen J. Hemsley	50%	3,693	650,000	1,300,000	949,000	146%
David S. Wichmann	50%	2,503	440,481	880,962	643,102	146%
Larry C. Renfro	50%	2,503	440,481	880,962	643,102	146%
Marianne D. Short	50%	1,393	245,192	490,384	357,981	146%
Gail D. Boudreaux	50%	2,503	440,481	880,962		

The primary factor considered by the Compensation Committee in the determination of the long-term cash incentive award amounts was achievement of 2012-2014 long-term incentive plan measures between target and maximum goals. Ms. Short, who joined the Company on December 31, 2012, received a pro rata payout of the 2012-2014 long-term cash incentive award. Eric S. Rangen does not participate in the long-term cash incentive award program.

2012-2014 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 value of utilizing a balanced system to facilitate prudent decision-making and 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 2012-2014 performance period are set forth in the table below as well as reflected in the 2014 Option Exercises and Stock Vested table:

Long-Term Performance Shares

Name	Threshold Shares (#)	Target Shares (#)	Maximum Shares (#)	Actual Shares Paid (#)	Paid Award (% of Target)
Stephen J. Hemsley	382	67,269	134,538	98,213	146%
David S. Wichmann	246	43,245	86,490	63,138	146%
Larry C. Renfro	246	43,245	86,490	63,138	146%
Eric S. Rangen	55	9,610	19,220	14,031	146%

Gail K. Boudreaux	246	43,245	86,490	63,138	146%

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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 2014 should include grants of RSUs, performance shares and non-qualified stock options 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 past discussions held between the Company and certain of its shareholders regarding the merits of performance shares in a pay-for-performance executive compensation program. Non-qualified stock options were selected because they have value only if the Company's stock price increases and, as such, provide incentives for sustained long-term stock appreciation.

The Compensation Committee's equity award policy requires that all grants of equity be made at set times. 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 2014 for all employees was approximately 1% of the Company's shares outstanding at the end of 2014.

Equity Awards 2014

In February 2014, the Compensation Committee granted the following target number of performance shares, RSUs and stock options to our named executive officers:

Name	Target Number of Performance Shares (#)	Annual RSU Award (#)	Annual Stock Option Award (#)	Special RSU Award (#)
Stephen J. Hemsley	53,389	26,695	83,918	28,474
David S. Wichmann	32,034	16,017	50,351	42,711
Larry C. Renfro	32,034	16,017	50,351	42,711
Marianne D. Short	21,356	10,678	33,568	14,237
Eric S. Rangen	7,119	3,560	11,190	
Gail K. Boudreaux	32,034	16,017	50,351	42,711

The grant date fair values and terms of these equity awards are discussed in the 2014 Grants of Plan-Based Awards table. The special RSU award cliff vests on the third anniversary of grant. These special RSU awards were part of a broad-based grant to approximately 1,500 members of management considered to be top talent. These awards provided additional performance incentives given the potential for unanticipated disruption due to the implementation of federal health care reform.

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 for Mses. Short and Boudreaux and Mr. Rangen)

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and all of our named executive officers, other than Messrs. Hemsley and Rangen, 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 2014 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 240 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.

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. We prohibit personal use of corporate aircraft by any executive officer unless the Company is reimbursed for the full incremental cost to the Company of such use. Because there is essentially no incremental cost to the Company, we permit an executive officer's family member to accompany the executive officer on a business flight on Company aircraft provided a seat is available.

Departure of Gail K. Boudreaux

The Company and Ms. Boudreaux entered into a Separation and Release Agreement dated November 3, 2014 (the "Separation Agreement"). The Separation Agreement provides Ms. Boudreaux base salary until February 27, 2015, the date her employment with the Company would terminate (the "Termination Date"), and eligibility to receive an annual incentive award for 2014 at the same payment ratio of 2014 base salary as other senior executives of the Company. Ms. Boudreaux did not receive a payout under the long-term cash incentive award for the 2012-2014 performance period under the Company's Executive Incentive Plan.

The Separation Agreement provides Ms. Boudreaux cash severance compensation pursuant to the terms of her employment agreement, dated August 8, 2011, payable over the two-year period following the Termination Date. Under the terms of the equity award agreements that govern Ms. Boudreaux's previously granted equity awards, such awards continue to vest and remain exercisable during the payment of the severance compensation as long as Ms. Boudreaux complies with the terms of the Separation Agreement, including non-compete and non-solicit agreements.

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."

Other Compensation Practices

Executive Stock Ownership Guidelines and Stock Retention Policy

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 five years of the executive officer's election or appointment as an executive officer:

- for the CEO, eight times base salary;

for executive officers who are direct reports of the CEO, three times base salary; and

for other executive officers who are not direct reports of the CEO, 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 March 16, 2015, all of our named executive officers were in compliance with the ownership requirements, including Mr. Hemsley, who directly owned shares with a value equal to 279 times his base salary.

The Board has 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. Under this policy, Section 16 officers are required to retain for at least one year one-third of the net shares acquired upon the vesting or exercise of any equity awards.

Transactions in Company Securities; Prohibition on Hedging

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 prohibits hedging transactions by all directors, executive officers and employees and requires advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management. Pledges that existed prior to the policy's adoption in November 2012 have been grandfathered. In 2014, 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 12-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.

Consideration of Risk in Named Executive Officer Compensation

Our compensation programs are balanced, focused on long-term pay-for-performance, allow for discretion, and are overseen by an independent Compensation Committee. 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;

Our equity awards include a mix of stock options, RSUs and performance shares to encourage sustained performance over time;

We have stock ownership guidelines for our executive officers;

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We generally 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; and

We have a clawback policy that entitles the Board of Directors to seek reimbursement from any executive involved in fraud or misconduct causing a restatement of financials, or violation of certain employment agreement provisions, including any non-compete, non-solicit or confidentiality provisions. The executive would be required to reimburse the Company the entire amount of a bonus paid, not just the amount that would not have been earned had the executive received a lower award based on the restated earnings.

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 applies 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. Any outstanding stock options and SARs that were granted prior to 2010 are not subject to the tax deduction limitation.

Peer Group and Managed Care Companies

Peer Group		Managed Care Companies
3M Company	Hewlett-Packard Company	Aetna Inc.
Abbott Laboratories	Humana Inc.	Anthem Inc.
AbbVie Inc.	International Business Machines Corp.	CIGNA Corp.
Aetna Inc.	Johnson & Johnson	Humana Inc.
American Express Co.	JPMorgan Chase & Co.	
American International Group, Inc.	MasterCard Incorporated	
Ameriprise Financial, Inc.	McKesson Corporation	
AmerisourceBergen Corporation	Medtronic, Inc.	
Amgen Inc.	Merck & Co. Inc.	
Anthem Inc.	MetLife, Inc.	
Bank of America Corporation	Microsoft Corporation	
Berkshire Hathaway Inc.	Morgan Stanley	
Best Buy Co., Inc.	Oracle Corporation	
Biogen Idec Inc.	Pfizer Inc.	
Bristol-Myers Squibb Company	Procter & Gamble Co.	
Cardinal Health, Inc.	Prudential Financial, Inc.	
Cargill, Incorporated	Target Corp.	
Cisco Systems, Inc.	The Allstate Corporation	
Citigroup, Inc.	The Goldman Sachs Group, Inc.	
CVS Health Corporation	The Travelers Companies, Inc.	
Eli Lilly and Company	U.S. Bancorp	
Express Scripts Holding Company	United Parcel Service, Inc.	
FedEx Corporation	Visa, Inc.	
General Electric Company	Walgreen Co.	
General Mills, Inc.	Wells Fargo & Company	
Gilead Sciences Inc.		

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Compensation Committee Report

The Compensation Committee has reviewed and discussed the above Compensation Discussion and Analysis with management. Based on its review and discussions, the Compensation 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, 2014. This report was provided by the following independent directors who comprise the Compensation Committee:

Rodger A. Lawson (Chair)
William C. Ballard, Jr.
Gail R. Wilensky, Ph.D.

2014 Summary Compensation Table*

The following table provides certain summary information for the years ended December 31, 2014, 2013 and 2012 relating to compensation paid or granted to, or accrued by us on behalf of, our named executive officers.

nd Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option/SAR Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	'
n J. Hemsley	2014	1,300,000		7,625,114	1,874,728	3,949,000	(7)	107,479	14,
xecutive Officer	2013	1,300,000		5,625,019	1,875,011	3,100,000		173,254	12,
	2012	1,300,000		7,000,012		5,300,000		287,443	13,
. Wichmann	2014	900,000		6,375,123	1,124,841	3,643,102		99,499	12,
nt and CFO	2013	892,885		3,375,092	1,125,003	2,608,526		114,061	8,
	2012	850,000		4,500,074		3,044,230		106,549	8,
. Renfro	2014	900,000		6,375,123	1,124,841	3,643,102		54,540	12,
airman and CEO,	2013	892,885		3,375,092	1,125,003	3,858,526		49,928	9,
	2012	850,000		4,500,074	37,494	3,044,230		185,006	8,
ne D. Short	2014	750,000		3,250,075	749,909	1,482,981		100,691	6,
ve Vice President	2013	721,154	250,000(8)	3,000,056	1,000,017	990,384		65,744	6,
ef Legal Officer									
Rangen	2014	400,000		750,093	249,985	300,000		41,164	1,
Vice President and									
ccounting Officer									
Boudreaux	2014	900,000		6,375,123	1,124,841	3,000,000		78,720	11,
Executive Vice	2013	892,885		3,375,092	1,125,003	2,008,526		111,282	7,
nt and CEO,	2012	850,000	205,000	4,500,074		3,044,230		103,770	8,
lealthcare									

*

Please see "Compensation Discussion and Analysis" above for a description of our executive compensation program necessary for 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, 2014, 2013 and 2012. Amounts reported for 2014 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	$ 54,000
Larry C. Renfro	$ 54,000
Marianne D. Short	$ 45,000
Eric S. Rangen	$ 24,000
Gail K. Boudreaux	$ 63,000

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(2)
The amounts reported in this column reflect the aggregate grant date fair value of the RSUs and performance shares (at target) granted in 2014, 2013 and 2012 and are computed in accordance with FASB ASC Topic 718, based on the closing stock price on the grant date. The grant date fair value of RSUs granted in 2014 and the grant date fair value of performance shares granted in 2014 if target performance and maximum performance is achieved are as follows:

Name	Restricted Stock Units	Performance Shares Target	Performance Shares Maximum
Stephen J. Hemsley	$ 3,875,071	$ 3,750,043	$ 7,500,086
David S. Wichmann	$ 4,125,055	$ 2,250,068	$ 4,500,136
Larry C. Renfro	$ 4,125,055	$ 2,250,068	$ 4,500,136
Marianne D. Short	$ 1,750,030	$ 1,500,045	$ 3,000,090
Eric S. Rangen	$ 250,054	$ 500,039	$ 1,000,078
Gail K. Boudreaux	$ 4,125,055	$ 2,250,068	$ 4,500,136

See the 2014 Grants of Plan-Based Awards table for more information on stock awards granted in 2014.

(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 award is held. No value will be realized with respect to any 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 for 2014 reflect the aggregate grant date fair value of stock options granted in 2014 computed in accordance with FASB ASC Topic 718. The amount shown for 2012 for Mr. Renfro 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. For a description of the assumptions used in computing the aggregate grant date fair value, see Note 11 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. 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 2014 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	$3,000,000	$180,000
David S. Wichmann	$3,000,000	$180,000
Larry C. Renfro	$3,000,000	$180,000
Marianne D. Short	$1,125,000	$337,500
Eric S. Rangen	$300,000	$300,000
Gail K. Boudreaux	$3,000,000	$300,000

The long-term cash incentives for the 2012-2014 incentive period under our 2008 Executive Incentive Plan, including amounts deferred by the named executive officers, were the following:

Name*	Period	Total Amount of Long-Term Cash Incentive Award	Amount of Long-Term Cash Incentive Award Deferred
Stephen J. Hemsley	2012-2014	$949,000	

David S. Wichmann	2012-2014	$643,102	$38,586
Larry C. Renfro	2012-2014	$643,102	
Marianne D. Short	2012-2014	$357,981	
Gail K. Boudreaux	2012-2014		

*

Mr. Rangen does not participate in the long-term cash incentive program.

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(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.

(6)
All other compensation includes the following:

Name	Year	Company Matching Contributions Under 401(k) Savings Plan	Company Matching Contributions Under Executive Savings Plan	Company Matching Contributions Under Executive Board Service Matching Program[(a)]	Insurance Premiums[(b)]
Stephen J. Hemsley	2014	$11,700	$93,000		
David S. Wichmann	2014	$11,700	$79,500		
Larry C. Renfro	2014	$11,700	$27,000		$15,840
Marianne D. Short	2014	$11,700	$43,151	$30,000	$15,840
Eric S. Rangen	2014	$ 8,135	$20,250	$10,000	
Gail K. Boudreaux	2014	$11,700	$61,500		

As permitted by SEC rules, we have omitted perquisites and other personal benefits that we provided to certain named executive officers in 2014 if the aggregate amount of such compensation to each of such named executive officers was less than $10,000. As noted above, we generally do not provide perquisites.

(a)
The Company has adopted a policy pursuant to which it will match certain charitable contributions made by an executive officer if the executive officer also serves on the board of the charitable organization. The amounts included represent donations to charitable organizations made by the Company under this policy.

(b)
The Company provides each of Messrs. Wichmann and Renfro and Mses. Short and Boudreaux a $2 million face value term life insurance policy. The 2014 annual premiums paid by the Company on behalf of Mr. Wichmann and Ms. Boudreaux were less than $10,000.

(7)
The amount of Mr. Hemsley's supplemental retirement benefit was frozen in 2006 based on his then current age and average base salary and converted into a lump sum of $10,703,229. As such, there was no increase in the benefit payable to Mr. Hemsley under his supplemental retirement benefit in fiscal year 2014.

(8)
Reflects a sign-on bonus paid to Ms. Short in connection with her joining the Company as an executive officer.

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2014 Grants of Plan-Based Awards*

The following table presents information regarding each grant of an award under our compensation plans made during 2014 to our named executive officers for fiscal year 2014.

	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option/ SAR Awards: Number of Securities Underlying Options/ SARs (#)	Ex or Pr Op S Av ($
ey										
ntive Award(2)		2,047,500	2,275,000	4,550,000						
m Incentive Award(3)		3,066	650,000	1,300,000						
rd(4)	2/12/2014								83,918	7
	2/12/2014							26,695		
rd(4)	2/12/2014							28,474		
e Award(4)(5)	2/12/2014				252	53,389	106,778			
nn										
ntive Award(2)		1,215,000	1,350,000	2,700,000						
m Incentive Award(3)		2,461	521,795	1,043,590						
rd(4)	2/12/2014								50,351	7
	2/12/2014							16,017		
rd(4)	2/12/2014							42,711		
e Award(4)(5)	2/12/2014				151	32,034	64,068			
ntive Award(2)		1,215,000	1,350,000	2,700,000						
m Incentive Award(3)		2,461	521,795	1,043,590						
rd(4)	2/12/2014								50,351	7
	2/12/2014							16,017		
rd(4)	2/12/2014							42,711		
e Award(4)(5)	2/12/2014				151	32,034	64,068			
rt										
ntive Award(2)		675,000	750,000	1,500,000						
m Incentive Award(3)		1,854	392,949	785,898						
rd(4)	2/12/2014								33,568	7
	2/12/2014							10,678		
rd(4)	2/12/2014							14,237		
e Award(4)(5)	2/12/2014				101	21,356	42,712			
ntive Award(2)		270,000	300,000	600,000						

rd(4)	2/12/2014								11,190	7
	2/12/2014							3,560		
e Award(4)(5)	2/12/2014				34	7,119	14,238			
ux										
ntive Award(2)		1,215,000	1,350,000	2,700,000						
m Incentive Award(3)		2,123	450,000	900,000						
rd(4)	2/12/2014								50,351	7
	2/12/2014							16,017		
rd(4)	2/12/2014							42,711		
e Award(4)(5)	2/12/2014				151	32,034	64,068			

*

Please see "Compensation Discussion and Analysis" above for a description of our executive compensation program necessary for an understanding of the information disclosed in this table.

(1)

The actual value to be realized by a named executive officer depends upon the appreciation in value of the Company's stock and the length of time the award is held. No value will be realized with respect to any stock option award if the Company's stock price does not increase following the grant date. For a description of the assumptions used in computing grant date fair value for stock option awards pursuant to FASB ASC Topic 718, see Note 11 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. The grant date fair value of each RSU award and targeted grant date value of each performance share award was computed in accordance with FASB ASC Topic 718 based on the closing stock price on the grant date.

(2)

Amounts represent estimated payouts of annual cash incentive awards granted under our Executive Incentive Plan in 2014. The Executive Incentive Plan permits a maximum annual bonus pool for executive officers equal to 2% of the Company's net income (as defined in the plan) and no executive officer may receive more than 25% of such annual bonus pool. The Compensation Committee has generally limited annual cash incentive payouts to not more than two

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times the target amount, and the maximum amounts shown for each named executive officer equal two times each executive officer's target amount. For Messrs. Wichmann and Renfro and Ms. Boudreaux, the Compensation Committee determined to pay an annual cash incentive award for 2014 of $3,000,000 each (equal to 222% of their target amount) as discussed in the "Compensation Discussion and Analysis" section. In order for any amount to be paid, the Company must achieve approved performance measures of (i) revenue, (ii) operating income, (iii) cash flow, (iv) consumer, customer and physician satisfaction, (v) employee engagement and (vi) employee teamwork. The estimated threshold award represents the amount that may be paid if threshold performance is achieved on each of the performance measures. Once threshold performance is achieved, the Compensation Committee has the discretion to pay an award. The actual annual cash incentive amounts earned in connection with the 2014 awards are reported in the 2014 Summary Compensation Table.

(3) Amounts represent estimated future payouts of long-term cash incentive awards granted under our Executive Incentive Plan in 2014 for the 2014-2016 performance period to be paid in 2017. The Executive Incentive Plan permits a maximum long-term bonus pool for executive officers equal to 2% of the Company's average net income (as defined in the plan) during the performance period and no executive officer may receive more than 25% of such long-term bonus pool. The Compensation Committee has limited the long-term cash incentive payout maximum amount to not more than two times each named executive officer's target amount, which is reflected in the maximum payout column. In 2014, upon recommendation by management, the Compensation Committee approved a cumulative EPS measure and an average ROE measure for the 2014-2016 incentive period, either one of which must be achieved before the threshold amount shown above becomes earned and payable. Each measure is weighted equally. The Compensation Committee will determine whether the goals have been achieved at the end of the performance period. The estimated threshold award represents the amount that may be paid if threshold performance on one of the performance measures is exceeded. Once threshold performance is achieved, the Compensation Committee has the discretion to pay an award ranging from 0% up to a maximum of 200% of target. The estimated threshold, target and maximum awards listed in the table were computed based on participants' estimated average salary over the 2014-2016 performance period. This three year average salary was determined using their actual 2014 salary earned with their current salary used to estimate their 2015 and 2016 salaries.

(4) Amounts represent grants under the 2011 Plan with the terms set forth below. In addition, the RSUs and Special RSUs are eligible to receive dividend equivalents, which are subject to the same terms as the RSUs and will be forfeited if the underlying RSUs do not vest. No dividend equivalents are paid on performance shares.

Award Type and Vesting Terms	**Termination Provisions**
Stock Option Award (4-year ratable vesting)	Unless the executive officer is retirement eligible, award is subject to earlier termination upon certain events related to termination of employment.
	Unvested award will vest in full upon death or disability.
RSU Award (4-year ratable vesting*)	Unvested award will vest in full if, within two years of a change in control, an executive terminates employment for Good Reason or is terminated without Cause (*i.e.*, "double trigger" vesting), as these terms are defined in the award agreement.
Special RSU Award (3-year cliff vesting*)	Award may continue to vest following retirement, if the executive officer is retirement eligible, or over any severance period following termination of employment.
Performance Share Award (4-year ratable vesting)	The target number of performance shares will immediately vest upon a change in control.
	If the executive officer is retirement eligible, upon retirement the full number of performance shares that are earned at the end of the performance period will vest as if the executive officer had been

continuously employed throughout the entire performance period, provided the executive officer had served for at least one year of the performance period.

Upon death, disability or termination of employment for Good Reason or other than for Cause (as these terms are defined in the award agreement), the executive officer will receive at the end of the applicable performance period, a pro rata number of performance shares that are earned based on the number of full months employed plus, if applicable, the number of months for any severance period.

* Except as provided in footnote 4 to the Outstanding Equity Awards at 2014 Fiscal Year-End table with respect to Mr. Hemsley.

(5) Amounts represent the estimated future number of performance shares that may be earned under our 2011 Plan at each of the threshold, target and maximum levels. The performance share award will be paid out in shares of Company common stock. The number of performance shares that the executive officer will receive will be determined at the conclusion of the

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2014-2016 performance period and will be dependent upon the Company's achievement of a cumulative EPS measure and an average ROE measure approved by the Compensation Committee. The Compensation Committee has the discretion to reduce the number of performance shares an executive officer is entitled to receive. The estimated threshold award represents the number of performance shares that may be awarded if threshold performance is achieved on one of the performance measures.

Outstanding Equity Awards at 2014 Fiscal Year-End

The following table presents information regarding outstanding equity awards held at the end of fiscal year 2014 by our named executive officers.

	Option/SAR Awards					Stock Awards				
	Date of Option/ SAR Grant	Number of Securities Underlying Unexercised Options/ SARs (#) Exercisable	Number of Securities Underlying Unexercised Options/ SARs (#) Unexercisable	Option/ SAR Exercise/ Grant Price ($)	Option/ SAR Expiration Date(1)	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(2)	Equity Incentive Plan Awards: Number of Unearned Shares or Units That Have Not Vested (#)	E Inc Av M V Un Sh U T Ha V (
n J. Hemsley	2/12/2014		83,918(3)	70.2400	2/12/2024	2/12/2014	25,900(4)	2,618,231		
	2/6/2013	24,828	74,484(3)	57.3800	2/6/2023	2/12/2014	27,627(5)	2,792,813		
	2/9/2010	114,036		33.0000	2/9/2020	2/12/2014			53,389(6)	5,3
	2/23/2009	169,683		29.7400	2/23/2019	2/6/2013	25,309(4)	2,558,487		
	1/31/2006	200,000		59.4200	1/31/2016	2/6/2013			65,354(6)	6,6
						2/7/2012	23,485(7)	2,374,099		
S. Wichmann	2/12/2014		50,351(3)	70.2400	2/12/2024	2/12/2014	16,279(4)	1,645,644		
	2/6/2013	14,896	44,691(3)	57.3800	2/6/2023	2/12/2014	43,409(5)	4,388,216		
	2/9/2010	76,024		33.0000	2/9/2020	2/12/2014			32,034(6)	3,2
	2/23/2009	113,122		29.7400	2/23/2019	2/6/2013	15,187(4)	1,535,254		
	6/5/2008	203,642		33.9400	6/5/2018	2/6/2013			39,213(6)	3,9
	5/28/2007	25,000		54.4100	5/28/2017	2/7/2012	15,098(7)	1,526,257		
	5/28/2007	150,000		54.4100	5/28/2017	2/9/2011	63,030(8)	6,371,703		
	5/2/2006	150,000		48.5800	5/2/2016					
	10/31/2005	65,000		59.0000	10/31/2015					
	5/2/2005	25,000		49.7886	5/2/2015					
	5/2/2005	75,000		48.3550	5/2/2015					
C. Renfro	2/12/2014		50,351(3)	70.2400	2/12/2024	2/12/2014	16,279(4)	1,645,644		
	2/6/2013	14,896	44,691(3)	57.3800	2/6/2023	2/12/2014	43,409(5)	4,388,216		
						2/12/2014			32,034(6)	3,2
						2/6/2013	15,187(4)	1,535,254		
						2/6/2013			39,213(6)	3,9

						2/7/2012	15,098(7)	1,526,257		
						2/9/2011	63,030(8)	6,371,703		
ne D. Short	2/12/2014		33,568(3)	70.2400	2/12/2024	2/12/2014	10,853(4)	1,097,130		
	2/6/2013	13,241	39,726(3)	57.3800	2/6/2023	2/12/2014	14,470(5)	1,462,772		
						2/12/2014			21,356(6)	2,1
						2/6/2013	26,996(4)	2,729,026		
						2/6/2013			17,428(6)	1,7
Rangen	2/12/2014		11,190(3)	70.2400	2/12/2024	2/12/2014	3,618(4)	365,744		
	2/6/2013		9,932(3)	57.3800	2/6/2023	2/12/2014			7,119(6)	7
						2/6/2013	3,375(4)	341,179		
						2/6/2013			8,714(6)	8
						2/7/2012	3,356(7)	339,258		
Boudreaux	2/12/2014		50,351(3)	70.2400	2/12/2024	2/12/2014	16,279(4)	1,645,644		
	2/6/2013	14,896	44,691(3)	57.3800	2/6/2023	2/12/2014	43,409(5)	4,388,216		
						2/12/2014			32,034(6)	3,2
						2/6/2013	15,187(4)	1,535,254		
						2/6/2013			39,213(6)	3,9
						2/7/2012				