

UNITEDHEALTH GROUP INC
Form DEF 14A
April 22, 2016

Table of Contents

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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

UnitedHealth Group Incorporated

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

(5) Total fee paid:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

Table of Contents

9900 Bren Road East, Minnetonka, Minnesota 55343

April 22, 2016

Dear Shareholder:

We cordially invite you to attend our 2016 Annual Meeting of Shareholders. We will hold our meeting on Monday, June 6, 2016, at 10:00 a.m. Pacific Time at Anthony Marlon Auditorium, 2700 North Tenaya Way, Las Vegas, Nevada 89128. This is the operating site of our UnitedHealthcare plan servicing Nevada.

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

Table of Contents

Notice of 2016 Annual Meeting of Shareholders

Date June 6, 2016

Time 10:00 a.m. Pacific Time

Location Anthony Marlon Auditorium
2700 North Tenaya Way
Las Vegas, Nevada 89128

Record Date April 8, 2016. Only shareholders of record of the Company's common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the meeting and any adjournments or postponements of the meeting.

Items of Business

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

An advisory vote to approve the compensation paid to the Company's named executive officers as disclosed in the proxy statement.

To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2016.

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

Admission to the Annual Meeting To attend the Annual Meeting, you will need to bring an admission ticket and valid photo identification. You may attend the Annual Meeting by following the procedures described under Question 7 of the "Questions and Answers About the Annual Meeting and Voting" section in the attached proxy statement.

Proxy Voting Important. 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.

Webcast You can listen to the live webcast of the Annual Meeting by logging on to our website at www.unitedhealthgroup.com and clicking on "Investors" and then on the link to the webcast. See Question 10 of the "Questions and Answers About the Annual Meeting and Voting" section in the attached proxy statement.

By Order of the Board of Directors,

Dannette L. Smith
Secretary to the Board of Directors

April 22, 2016

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 6, 2016:**

**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.**

Table of Contents

Table of Contents

	Page
<u>Proxy Summary</u>	1
<u>Proposal 1 Election Of Directors</u>	5
<u>Director Nomination Process</u>	5
<u>2016 Director Nominees</u>	9
<u>Director Compensation</u>	12
<u>1 Board of Directors</u>	
<u>Cash Compensation</u>	13
<u>Equity-Based Compensation</u>	13
<u>Stock Ownership Guidelines</u>	13
<u>Director Deferral Plan</u>	14
<u>Other Compensation</u>	14
<u>2015 Director Compensation Table</u>	15
<u>Overview</u>	17
<u>Principles of Governance</u>	19
<u>Code of Conduct: Our Principles of Ethics & Integrity</u>	19
<u>Compliance and Ethics</u>	19
<u>2 Corporate Governance</u>	
<u>Director Independence</u>	20
<u>Independent Board Leadership</u>	21
<u>Risk Oversight</u>	22
<u>Board Meetings and Annual Meeting Attendance</u>	23

<u>Board Committees</u>	<u>23</u>
<u>Communication with the Board of Directors</u>	<u>26</u>
<u>Executive Summary</u>	<u>27</u>
<u>Compensation Discussion and Analysis</u>	<u>29</u>
<u>Compensation Committee Report</u>	<u>47</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>47</u>
<u>2015 Summary Compensation Table</u>	
3	
<u>Executive Compensation</u>	<u>48</u>
<u>2015 Grants of Plan-Based Awards</u>	<u>51</u>
<u>Outstanding Equity Awards at 2015 Fiscal Year-End</u>	<u>54</u>
<u>2015 Option Exercises and Stock Vested</u>	<u>55</u>
<u>2015 Pension Benefits</u>	<u>57</u>
<u>2015 Non-Qualified Deferred Compensation</u>	<u>57</u>
<u>Executive Employment Agreements</u>	<u>59</u>
<u>Potential Payments Upon Termination or Change in Control</u>	<u>62</u>
<u>Proposal 2 Advisory Approval of the Company's Executive Compensation</u>	<u>64</u>

Table of Contents

	Page
	<u>65</u>
4	
<u>Audit Committee Report</u>	<u>65</u>
<u>Disclosure of Fees Paid to Independent Registered Public Accounting Firm</u>	
<u>Audit Committee Matters</u>	<u>67</u>
<u>Audit Committee's Consideration of Independence of Independent Registered Public Accounting Firm</u>	<u>67</u>
<u>Audit and Non-Audit Services Approval Policy</u>	<u>67</u>
<u>Proposal 3 Ratification of Independent Registered Public Accounting Firm</u>	<u>68</u>
<u>Questions and Answers About the Annual Meeting and Voting</u>	<u>69</u>
5	
<u>Security Ownership of Certain Beneficial Owners and Management</u>	
<u>Annual Meeting</u>	<u>77</u>
<u>Householding Notice</u>	<u>79</u>
<u>Other Matters at Meeting</u>	<u>79</u>
<u>Certain Relationships and Transactions</u>	<u>80</u>
6	
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	
<u>Other Information</u>	<u>83</u>
<u>Appendix A Reconciliation of Non-GAAP Financial Measures</u>	<u>84</u>

Table of Contents

Proxy 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, 2015 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, 2016. 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.

Business Results

We are a diversified health and well-being company whose mission is to help people live healthier lives and to make the health system work better for everyone. We achieved strong business results in 2015, including:

Revenues increased 20% to \$157.1 billion from \$130.5 billion in 2014;

Operating earnings increased 7% year-over-year to \$11.0 billion, and net earnings attributable to UnitedHealth Group common shareholders remained strong at \$5.8 billion and were supported by cash flows from operations of \$9.7 billion;

Adjusted earnings per share¹ increased 7% to \$6.45 per share from \$6.04 per share in 2014;

Return on equity exceeded 17% in 2015;

Total shareholder return, which is defined as the increase in stock price, together with dividends paid, was 18% in 2015 and 125% over the 2013-2015 time period;

Our annual dividend rate increased to \$2.00 per share, paid quarterly, representing a 33% increase over the annual dividend rate of \$1.50 per share paid quarterly since the second quarter of 2014;

We repurchased \$1.2 billion in stock at an average price of \$112.45 per share;

UnitedHealth Group was the top ranking company in the insurance and managed care sector on *Fortune's* 2016 "World's Most Admired Companies" list, based on 2015 results. This is the sixth consecutive year UnitedHealth Group has ranked No. 1 overall in its sector and the seventh year in a row the Company has been rated No. 1 in its sector for innovation;

UnitedHealth Group was named to both the Dow Jones Sustainability World and North America Indices for the 17th consecutive year;

Three UnitedHealth Group directors were included in the list of top ten directors in *The Street* article, "Here Are the 10 Directors You Want on Your Company's Board;" and

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

UnitedHealth Group was recognized for 2015 as a "Winning 'W' Company" by *2020 Women on Boards* for having 20% of our Board seats held by women.

¹

Adjusted earnings per share is a non-GAAP financial measure. Refer to Appendix A in this proxy statement for a reconciliation of adjusted earnings per share to the most directly comparable GAAP measure.

1

Table of Contents

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 many practices, including the following:

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 eight of our ten 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.

Proxy Access In February 2016, we amended our Bylaws to allow a shareholder or group of shareholders who have owned at least 3% of our common stock for at least three years, and who complies with specified procedural and disclosure requirements, to include in our proxy materials shareholder-nominated director candidates for up to 20% of the 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.

Stock Ownership Guidelines Each of our executive officers and directors satisfied our stock ownership guidelines as of March 23, 2016. Mr. Hemsley, our CEO, directly owned shares equal to 312 times his base salary as of March 23, 2016.

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, or until they have met our stock ownership requirements.

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.

Table of Contents

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 mitigate and 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 broad-based 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 2015 Annual Meeting of Shareholders, with more than 95% of the votes cast 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.

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 2015

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

Cash incentive awards Annual cash incentive award of \$2.75 million and long-term cash incentive award of \$922,000, 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 \$4.675 million, restricted stock units with a grant date fair value of \$2.337 million and stock options with a grant date fair value of \$2.337 million.

Company matching contributions \$142,425 under our 401(k) and executive savings plan.

At his request, Mr. Hemsley's total compensation is below the median for CEOs in 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 2015 is described in the "Compensation Discussion and Analysis" section.

Table of Contents

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 excise tax gross-ups and very limited perquisites.

Performance-based compensation arrangements, including performance-based equity awards, that use a variety of performance measures, with different measures used for annual and long-term plans.

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.

Voting Matters and Vote Recommendations

1	<u>Election of ten directors</u>	FOR	The Board and Nominating Committee believe that the ten Board candidates possess the experience, skills, attributes and diversity to effectively monitor performance, provide oversight and advise management on the Company's strategy.	Page 5
2	<u>Advisory Approval of the Company's Executive Compensation</u>	FOR	Our executive 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.	Page 64
3	<u>Ratification of Independent Registered Public Accounting Firm</u>	FOR	Based on the Audit Committee's assessment of Deloitte & Touche's qualifications and performance, it believes that their retention for fiscal year 2016 is in the best interests of the Company.	Page 68

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	----------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

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 reviewed and updated by the Nominating Committee on a regular basis. The key features of the skills matrix are also discussed with members of our Nominating Advisory Committee and their feedback is considered by the Nominating Committee when it updates the skills matrix. 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. The 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 by the Nominating Committee;

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.

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

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.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	-------------------------	---	---------------------------	---	-------------------------------	---	-------------------	---	----------------------

The skills matrix provides further that the Board as a whole should represent a diverse group and have expertise in the substantive areas included in the following table, which indicates the director nominees with expertise in each area.

Corporate Governance	•		•	•	•	•	•		
Finance	•		•	•	•	•	•		
Health Care Industry	•	•	•	•	•	•		•	•
Direct Consumer Markets				•			•	•	
Social Media/Marketing		•					•	•	
Diversity		•				•	•	•	•
Experience with Large Complex Organizations	•	•	•	•	•	•	•	•	•
Technology/Business Processes		•	•	•	•	•	•		
Clinical Practice		•							•
Political/Health Care Policy/Regulatory	•	•	•		•			•	•
Capital Markets	•	•		•	•		•	•	

The lack of a • for a particular area does not mean that the director does not possess that qualification, skill or experience. We look to each director to be knowledgeable in these areas; however, the • indicates that the area is a specific qualification, skill or experience that the director brings to the Board.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	-------------------------	---	---------------------------	---	-------------------------------	---	-------------------	---	----------------------

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 director nominees is as follows:

Board 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 collectively 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 60 to 81 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.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	-------------------------	---	---------------------------	---	-------------------------------	---	-------------------	---	----------------------

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 March 2015. 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; Shareholder Recommendations for Director Candidates

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 in identifying and evaluating director candidates. The Nominating Committee will also consider recommendations submitted by shareholders for director candidates. Recommendations should be directed to the Secretary to the Board of Directors. None of the Company's shareholders recommended candidates for the Board of Directors in connection with the 2016 Annual Meeting.

Shareholder Director Candidates for Inclusion in our Proxy Statement (Proxy Access)

Our Bylaws provide a shareholder or group of shareholders (of up to 20) who have owned at least 3% of our common stock for at least three years the ability to include in our proxy statement shareholder-nominated director candidates for up to 20% of the Board. To be eligible to use this right, the shareholder(s) and the candidate(s) must satisfy the requirements specified in our Bylaws. Our Bylaws are available at www.unitedhealthgroup.com/About/CorporateGovernance.aspx. For the 2017 Annual Meeting, director nominations submitted under these Bylaw provisions must be received at our principal executive offices, directed to the Secretary to the Board of Directors, no earlier than November 23, 2016 and no later than December 23, 2016.

Shareholder Nominations of Director Candidates at a Meeting

Our shareholders may also nominate candidates for election to the Board of Directors from the floor of our Annual Meeting of Shareholders, instead of including the director candidate in our proxy statement. Shareholders may nominate director candidates by submitting timely written notice to the Secretary to the Board in accordance with our Bylaws. The notice must include the information required by our Bylaws, which are available at www.unitedhealthgroup.com. For the 2017 Annual Meeting, this notice must be received at our principal executive offices, directed to the Secretary to the Board of Directors, no earlier than February 6, 2017 and no later than March 8, 2017.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	----------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

2016 Director Nominees

Our Certificate 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 2016 Annual Meeting. All of the nominees were elected by our shareholders at the 2015 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 for any reason, the persons named as proxies will elect a replacement.

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

William C. Ballard, Jr.	75	1993
Edson Bueno, M.D.	72	2012
Richard T. Burke	72	1977
Robert J. Darretta	69	2007
Stephen J. Hemsley	63	2000
Michele J. Hooper	64	2007
Rodger A. Lawson	69	2011
Glenn M. Renwick	60	2008
Kenneth I. Shine, M.D.	81	2009
Gail R. Wilensky, Ph.D.	72	1993

The director nominees, if elected, will serve until the 2017 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.

William C. Ballard, Jr.

Age 75

Director since 1993

Mr. Ballard served as Of Counsel to Bingham Greenebaum Doll LLP (formerly Greenebaum Doll & McDonald PLLC), a law firm in Louisville, Kentucky, from 1992 until 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. In the past five years, he also served as a director of Welltower, Inc. (formerly Health Care REIT, Inc.).

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	----------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

Edson Bueno, M.D.

Age 72

Director since 2012

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 company in Brazil. 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.

Richard T. Burke

Age 72

Director since 1977

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 1988. From 1995 until 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.

Robert J. Darretta

Age 69

Director since 2007

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 from 1997 to 2007 and as Vice Chair from 2004 to 2007. Mr. Darretta joined Johnson & Johnson in 1968. Mr. Darretta currently serves as a trustee for certain Putnam mutual funds.

Stephen J. Hemsley

Age 63

Director since 2000

Mr. Hemsley is CEO of UnitedHealth Group and has served in that capacity since 2006. He has been a member of the Board of Directors since 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 2006 and as President and CEO from 2006 to November 2014. Mr. Hemsley currently serves as a director of Cargill, Inc.

Michele J. Hooper

Age 64

Director since 2007

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 Stadflander Drug Company, Inc., a provider of disease-specific pharmaceutical care, from 1998 until Stadflander 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.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	----------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

Rodger A. Lawson

Age 69

Director since 2011

Mr. Lawson served as President of Fidelity, a mutual fund and financial services company, from 2007 to 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 1994 to 1996. Mr. Lawson was Managing Director and Partner-in-Charge of Private Global Banking and Mutual Funds at Bankers Trust from 1992 to 1994. Mr. Lawson was a Managing Director and CEO at Fidelity Investments-Retail from 1985 to 1991, and President and CEO at Dreyfus Service Corporation from 1982 to 1985. Mr. Lawson currently serves as Chair of the Board of Directors of E*TRADE Financial Corporation.

Glenn M. Renwick

Age 60

Director since 2008

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 at Progressive from 1998 to 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.

Kenneth I. Shine, M.D.

Age 81

Director since 2009

Dr. Shine has been Professor of Medicine at the Dell Medical School within the University of Texas System (the "UT System"), which consists of nine academic campuses and six health institutions, since June 2015. He served as the Special Advisor to the Chancellor for Health Affairs of the UT System from September 2013 to June 2015, as Executive Vice Chancellor for Health Affairs of the UT System from 2003 to September 2013, and as interim Chancellor of the UT System from 2008 to 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.

Gail R. Wilensky, Ph.D.

Age 72

Director since 1993

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 2006 to 2008, 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 2001 to 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

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	-------------------------	---	---------------------------	---	-------------------------------	---	-------------------	---	----------------------

DIRECTOR COMPENSATION

Our director compensation and benefit program is designed to compensate our non-employee directors fairly for work required for a company of our size and scope and to align their interests with the long-term interests of our shareholders. Director compensation reflects our desire to attract, retain and use the expertise of highly qualified people serving on the Company's Board of Directors. The Compensation Committee reviews the compensation level of our non-employee directors on an annual basis and makes recommendations to the Board of Directors. In June 2015, the Compensation Committee, with the advice of its independent compensation consultant, undertook an annual review of the structure and philosophy of the director compensation program. This review analyzed the structure and the overall level and mix of compensation delivered by the Company's director compensation program as compared to the Company's general industry peer group and also the four large publicly traded managed health care companies. Following this review, the Compensation Committee recommended, and the Board approved, the following:

an increase in the annual grant of deferred stock units awarded to non-employee directors from \$150,000 to \$175,000 effective as of July 1, 2015 (2015 amounts to be prorated for the remainder of the calendar year); and

effective January 1, 2016, for directors who have satisfied the Company's stock ownership requirements, the ability to elect to take grants of deferred stock units in shares of common stock or to elect to convert cash compensation into shares of common stock.

The Compensation Committee's recommendations, and the Board's subsequent approval, were made after considering the results of the market practices review and the complexity of the Company's structure and operations. This increase in deferred stock units is the only increase in the compensation paid to all non-employee directors since the director compensation program was restructured in 2009.

The following table highlights the material elements of our director compensation program for 2015:

Annual Cash Retainer	\$125,000
Annual Audit Committee Chair Cash Retainer	\$ 25,000
Annual Compensation Committee Chair Cash Retainer	\$ 20,000
Annual Nominating Committee Chair Cash Retainer	\$ 15,000
Annual Public Policy Committee Chair Cash Retainer	\$ 15,000
Annual Board Chair Cash Retainer	\$300,000
Annual Equity Award	\$175,000 aggregate fair value of deferred stock units*

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

Equity Conversion Program

Cash compensation converted into common stock or DSUs at the
director's election

*

Effective July 1, 2015, the annual deferred stock unit award amount was increased from \$150,000 to \$175,000.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	----------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

Cash Compensation

Cash retainers are payable on a quarterly basis in arrears on the first business day following the end of each fiscal quarter, and subject to pro rata adjustment if the director did not serve the entire quarter. Directors may elect to receive deferred stock units ("DSUs") in lieu of their cash compensation or defer receipt of their cash compensation to a later date pursuant to the Directors' Compensation Deferral Plan ("Director Deferral Plan").

Equity-Based Compensation

Non-employee directors receive annual grants of DSUs under the 2011 Stock Incentive Plan having an annual aggregate fair value of \$175,000. The grants are in consideration of general service and responsibilities and required meeting preparation. The grants are issued quarterly in arrears on the first business day following the end of each fiscal quarter and prorated if the director did not serve the entire quarter. The number of DSUs granted is determined by dividing \$43,750 (the quarterly value of the annual equity award) by the closing stock price on the grant date, rounded up to the nearest share.

The DSUs immediately vest upon grant, and non-employee directors are required to retain all DSUs granted until completion of their service on the Board of Directors. Upon completion of service, the DSUs convert into an equal number of shares of the Company's common stock. A director may defer receipt of the shares for up to ten years after completion of service pursuant to the Director Deferral Plan.

If a director elects to convert his or her cash compensation into DSUs, such conversion grants are made on the day the eligible cash compensation becomes payable to the director and immediately vest upon grant. The director receives the number of DSUs equal to the cash compensation foregone, divided by the closing price of our common stock on the date of grant, rounded up to the nearest share.

The Company pays dividend equivalents in the form of additional DSUs on all outstanding DSUs. Dividend equivalents are paid at the same rate and at the same time that dividends are paid to Company shareholders and are subject to the same vesting conditions as the underlying grant.

Stock Ownership Guidelines

Under our stock ownership guidelines, we require non-employee directors to achieve ownership of shares of the Company's common stock (excluding stock options, but including vested deferred stock units and vested restricted stock units) having a fair market value equal to five times the directors' annual base cash retainer. Non-employee directors must comply with the stock ownership guidelines within five years of their appointment to the Board of Directors. All of our non-employee directors have met the stock ownership requirement.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	----------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

Director Deferral Plan

Under the Director Deferral Plan, subject to compliance with applicable laws, non-employee directors may elect annually to defer receipt of all or a percentage of their compensation. Amounts deferred are credited to a bookkeeping account maintained for each director participant that uses a collection of unaffiliated mutual funds as measuring investments. Subject to certain additional rules set forth in the Director Deferral Plan, a participating director may elect to receive the distribution in one of the following ways:

a series of five or ten annual installments following the completion of his or her service on the Board of Directors;

a delayed lump sum following either the fifth or tenth anniversary of the completion of his or her service on the Board of Directors;

for cash deferrals, an immediate lump sum upon the completion of his or her service on the Board of Directors; or

pre-selected amounts to be distributed on pre-selected dates while the director remains a member of the Board of Directors.

The Director Deferral Plan does not provide for matching contributions by the Company.

Other Compensation

We reimburse directors for any out-of-pocket expenses incurred in connection with service as a director. We also provide health care coverage to directors but only if the director is not eligible for coverage under another group health care benefit program. Health care coverage is provided generally on the same terms and conditions as current employees. Upon retirement from the Board of Directors, directors may continue to obtain health care coverage under benefit continuation coverage, and after the lapse of such coverage, under the Company's post-employment medical plan for up to a total of 96 months if they are otherwise eligible.

The Company maintains a program through which it will match up to \$15,000 of charitable donations made by each director for each calendar year. The directors do not receive any financial benefit from this program because the charitable income tax deductions accrue solely to the Company. Donations under the program may not be made to family trusts, partnerships or similar organizations.

Our corporate aircraft use policy prohibits personal use of corporate aircraft by any director. Because there is essentially no incremental cost to the Company, however, the policy does permit a director's family member to accompany the director on a business flight on Company aircraft provided a seat is available.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	-------------------------	---	---------------------------	---	-------------------------------	---	-------------------	---	----------------------

2015 Director Compensation Table

The following table provides summary information for the year ended December 31, 2015 relating to compensation paid to or accrued by us on behalf of our non-employee directors who served in this capacity during 2015. Mr. Hemsley and Dr. Bueno are employee directors and do not receive additional compensation for serving as a director.

William C. Ballard, Jr.	125,000	156,528	18,000	299,528
Richard T. Burke	425,000	156,528	24,177	605,705
Robert J. Darretta	125,000	156,602	281,602	
Michele J. Hooper	140,000	156,528	18,490	315,018
Rodger A. Lawson	145,000	156,528	24,159	325,687
Douglas W. Leatherdale ⁽⁶⁾	83,792	100,838	3,000	187,630
Glenn M. Renwick	150,000	156,424	18,000	324,424
Kenneth I. Shine, M.D.	125,000	156,528	18,000	299,528
Gail R. Wilensky, Ph.D.	140,000	156,528	18,000	314,528

(1) Mr. Darretta and Mr. Renwick elected to convert 2015 cash compensation into 1,098 and 1,317 deferred stock units, respectively. Mr. Leatherdale elected to defer all 2015 cash compensation under the Director Deferral Plan.

(2) The amounts reported reflect the aggregate grant date fair value of the stock awards granted in 2015 computed in accordance with FASB ASC Topic 718, based on the closing stock price on the grant date. The amounts reported include for each director the aggregate grant date fair value of the annual equity award of deferred stock units granted in quarterly installments. The amounts reflect

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

the value of fractional shares issued with the quarterly installments as we round grants of deferred stock units up to the nearest whole share. For Messrs. Darretta and Renwick, we combined the cash compensation they elected to convert into deferred stock units on a quarterly basis and the value of the quarterly deferred stock unit grant prior to determining the number of deferred stock units to be granted each quarter.

Table of Contents

2	Corporate Governance	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	----------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

The aggregate grant date fair values of the stock awards granted in 2015 (including, for Messrs. Darretta and Renwick, the deferred stock units issued in lieu of cash compensation) computed in accordance with FASB ASC Topic 718, based on the closing stock price on the grant date, are as follows:

Name	January 2015	April 1, 2015	July 1, 2015	October 1, 2015
	(\$)	(\$)	(\$)	(\$)
William C. Ballard, Jr.	37,591	37,584	37,508	43,845
Richard T. Burke	37,591	37,584	37,508	43,845
Robert J. Darretta*	68,833	68,826	68,846	75,097
Michele J. Hooper	37,591	37,584	37,508	43,845
Rodger A. Lawson	37,591	37,584	37,508	43,845
Douglas W. Leatherdale	37,591	37,584	25,663	
Glenn M. Renwick*	75,081	75,051	75,015	81,277
Kenneth I. Shine, M.D.	37,591	37,584	37,508	43,845
Gail R. Wilensky, Ph.D.	37,591	37,584	37,508	43,845

*

Includes the value of deferred stock units issued upon conversion of annual cash retainer as described in footnote 1 above of \$125,000 for Mr. Darretta and \$150,000 for Mr. Renwick.

As of December 31, 2015, our non-employee directors held outstanding deferred stock unit awards as follows:

Name	Deferred Stock Units
William C. Ballard, Jr.	19,139
Richard T. Burke	19,139
Robert J. Darretta	35,752
Michele J. Hooper	25,511
Rodger A. Lawson	17,616
Douglas W. Leatherdale	0
Glenn M. Renwick	36,612
Kenneth I. Shine, M.D.	27,569
Gail R. Wilensky, Ph.D.	19,139

(3)

The Company did not grant stock option awards to directors in 2015. As of December 31, 2015, our non-employee directors held outstanding (and unexercised) stock option awards as follows: Mr. Ballard 73,000 stock options; Mr. Burke 97,630 stock options;

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

Mr. Darretta 56,621 stock options; Ms. Hooper 35,000 stock options; Mr. Leatherdale 69,960 stock options; Mr. Renwick 33,929 stock options; Dr. Shine 625 stock options; and Dr. Wilensky 81,150 stock options.

- (4) The Director Deferral Plan does not credit above-market earnings or preferential earnings to the amounts deferred. There are no measuring investments tied to Company stock performance. The measuring investments are a collection of unaffiliated mutual funds identified by the Company.
- (5) In 2015, the Company matched charitable contributions made by directors to charitable organizations selected by directors pursuant to the Company's Board Matching Program as follows: Mr. Ballard \$15,000; Mr. Burke \$15,000; Ms. Hooper \$15,000; Mr. Lawson \$15,000; Mr. Renwick \$15,000; Dr. Shine \$15,000; and Dr. Wilensky \$15,000. In 2015, the Company also made a \$3,000 contribution to a charitable organization selected on behalf of the following directors in lieu of 2014 holiday gifts: Mr. Ballard, Mr. Burke, Ms. Hooper, Mr. Lawson, Mr. Leatherdale, Mr. Renwick, Dr. Shine and Dr. Wilensky. We also paid \$6,177, \$490 and \$6,159 in health care premiums on behalf of Mr. Burke, Ms. Hooper and Mr. Lawson, respectively.
- (6) Mr. Leatherdale retired from our Board of Directors on June 1, 2015 and his deferred stock units were paid in shares of common stock in accordance with the terms of the deferred stock units.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

CORPORATE GOVERNANCE

Overview

UnitedHealth Group is committed to high standards of corporate governance and ethical business conduct. Important documents reflecting this commitment are listed below.

- ü Certificate of Incorporation
- ü Bylaws
- ü Principles of Governance
- ü Board of Directors Committee Charters
- ü Standards for Director Independence
- ü Code of Conduct: Our Principles of Ethics & Integrity
- ü Related-Person Transactions Approval Policy
- ü Board of Directors Communication Policy
- ü Political Contributions Policy
- ü 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 Certificate of Incorporation provides that, in an uncontested election, each director must be elected by a majority vote. To address a provision in Delaware 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.

In February 2016, we amended our Bylaws to provide eligible shareholders the right to include shareholder director nominees representing up to 20% of the Board in our proxy statement.

Our Certificate 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

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

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.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

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

We maintain stock ownership and retention guidelines for directors and executive officers. See "Compensation Discussion and Analysis Elements of Our Compensation Program Other Compensation Practices Executive Stock Ownership Guidelines 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."

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

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.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

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 7% of total fees paid to that firm by the Company in 2015.

Principles of Governance

Our Certificate of Incorporation and Bylaws, together with Delaware 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 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 telephone 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 2015 employee survey, 97% of employees said they knew what to do if they believed unethical behavior or misconduct occurred in their work area.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

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, 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 \$183,300 in 2015. These premiums were determined on the same terms and conditions as premiums for other comparable customers.

Dr. Shine is a Professor of Medicine at the Dell Medical School within 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 2015, we paid the UT System approximately \$138.8 million for medical and related expenses on behalf of consumers who obtain health insurance from us, \$145,500 for grants and clinical trials and \$127,900 for tuition payments for employees. The UT System paid the Company approximately \$1.5 million for coding manuals and software products in 2015. The aggregate amount of these transactions represents 1.11% of the 2015 operating revenues of the UT System. In aggregate, our self-funded customers paid approximately \$380.5 million to the UT System for health care services on behalf of their employees and health plan participants. Dr. Shine is neither directly nor indirectly involved in the relationship between the UT System and the Company or the customers of the Company. Dr. Shine has no direct responsibilities for any contractual or other relationships with the Company or its competitors. The UT System has established a process pursuant to which Dr. Shine will not have access to any information that is maintained by the UT System that could be used to benefit or provide an advantage to the Company.

Dr. Wilensky is a Senior Fellow of Project HOPE. In 2015, Project HOPE paid the Company approximately \$1.3 million for premiums for health insurance. These premiums 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 the relationship.

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

judgment.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

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. Richard T. Burke serves as our independent Chair. 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;

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

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.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

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 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 Audit Committee receives periodic reports on the enterprise risk management function. 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 2015 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.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

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 2016 meeting. Please see "Compensation Discussion and Analysis" for a discussion of compensation design elements intended to mitigate excessive risk-taking by our executive officers.

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 ten directors attended the 2015 Annual Meeting. During the year ended December 31, 2015, 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 2015.

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 23, 2016:

*

Mr. Burke is the Chair of the Board and ex-officio member of the Audit Committee, Compensation Committee and Public Policy 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.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

Committee Members:

Glenn M. Renwick (Chair), Robert J. Darretta and Michele J. Hooper

Primary Responsibilities:

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 personnel 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 communication between the Board of Directors and our independent registered public accounting firm, as well as our internal audit, compliance and legal personnel.

Independence:

Each of the Audit Committee members 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.

Committee Members:

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

Primary Responsibilities:

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.

Independence:

Each of the Compensation Committee members 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").

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

Committee Members:

Michele J. Hooper (Chair), William C. Ballard, Jr. and Richard T. Burke

Primary Responsibilities:

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.

Independence:

Each of the Nominating Committee members is an independent director under the NYSE listing standards.

Committee Members:

Gail R. Wilensky, Ph.D. (Chair), Edson Bueno, M.D. and Kenneth I. Shine, M.D.

Primary Responsibilities:

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.

Independence:

Dr. Wilensky and Dr. Shine are each independent directors under the NYSE listing standards.

Table of Contents

1	Board of Directors	3	Executive Compensation	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	------------------------	---	-------------------------	---	----------------	---	-------------------

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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

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 2015 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 2015 were:

Revenues increased 20% to \$157.1 billion from \$130.5 billion in 2014;

Operating earnings increased 7% year-over-year to \$11.0 billion, and net earnings attributable to UnitedHealth Group common shareholders remained strong at \$5.8 billion and were supported by cash flows from operations of \$9.7 billion;

Adjusted earnings per share² increased 7% to \$6.45 per share from \$6.04 per share in 2014;

Return on equity exceeded 17% in 2015;

Total shareholder return, which is defined as the increase in stock price, together with dividends paid, was 18% in 2015 and 125% over the 2013-2015 time period;

Our annual dividend rate increased to \$2.00 per share, paid quarterly, representing a 33% increase over the annual dividend rate of \$1.50 per share paid quarterly since the second quarter of 2014;

We repurchased \$1.2 billion in stock at an average price of \$112.45 per share;

UnitedHealth Group was the top ranking company in the insurance and managed care sector on *Fortune's* 2016 "World's Most Admired Companies" list, based on 2015 results. This is the sixth consecutive year UnitedHealth Group has ranked No. 1 overall in its sector and the seventh year in a row the Company has been rated No. 1 in its sector for innovation;

UnitedHealth Group was named to both the Dow Jones Sustainability World and North America Indices for the 17th consecutive year.

²

Adjusted earnings per share is a non-GAAP financial measure. Refer to Appendix A in this proxy statement for a reconciliation of adjusted earnings per share to the most directly comparable GAAP measure.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

The Compensation Committee believes that total compensation for the executive officers listed in the 2015 Summary Compensation Table (the "named executive officers" or "NEOs") should be heavily weighted toward long-term performance-based compensation, and this was the case for 2015. The elements of compensation for our named executive officers were unchanged from 2014. In 2015, long-term compensation represented approximately 70% of the total mix of compensation granted to our named executive officers.

As discussed in detail below and reflected in the 2015 Summary Compensation Table, in 2015, 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 \$2.75 million, which represents 106% of his target opportunity;

Long-term cash incentive award of \$922,000 for the 2013-2015 performance period, which represents above target performance by the Company against pre-set 2013-2015 long-term incentive plan performance goals;

A performance-based restricted stock unit opportunity ("performance shares") with a target grant date fair value of \$4.675 million, restricted stock units ("RSUs") with a grant date fair value of \$2.337 million, and non-qualified stock options with a grant date fair value of \$2.337 million; and

Company matching contributions of \$142,425 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 2015:

Performance-based compensation arrangements, including performance-based equity awards, that use a variety of performance measures, with different measures used for annual and long-term plans.

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.

No excise tax gross-ups or executive-only perquisites such as company cars, security systems or financial planning.

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.

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.

Stock ownership guidelines for our executive officers, each of whom complied with the applicable ownership guidelines as of December 31, 2015. Mr. Hemsley, our CEO, directly owned shares equal to 312 times his base salary as of March 23, 2016.

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

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

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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

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 and individual performance goals. The primary objectives of our executive compensation program are to:

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

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

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.

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

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.

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

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 95% 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 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 (as discussed below) if paid at target. Target total compensation of our named executive officers as a group in 2015, 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 in the aggregate between the 50th and the 75th percentiles 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 briefly summarizes the processes followed by the Compensation Committee to select competitive compensation benchmark data and how the Compensation Committee uses this data.

At the request of the Compensation Committee, Pay Governance conducts an annual review of the Company's compensation peer group. This review ensures that the peer group companies remain appropriate from a business and talent perspective and occurs at the second quarter Compensation Committee meeting because recent financial and compensation data are generally available.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

The Compensation Committee uses the following methodology, which formulates a peer group focused on the industries reflected in the prior career experience of approximately 240 of the Company's senior leaders:

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 (<i>e.g.</i> , consulting, accounting)

Limit the list to the largest 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 screening process resulted in the 51 companies set forth under "Peer Group and Managed Care Companies" below. As compared to the peer group, the Company is:

In the top decile on a revenue basis;

Above the median on a market cap basis;

Approximately at the 60th percentile in earnings from operations; and

Approximately at the 70th percentile in number of employees.

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 is determined and peer group companies are selected, the Compensation Committee generally uses the data as follows:

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

At the fourth quarter Compensation Committee meeting, Pay Governance presents 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.

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, the CEO's recommendations, 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 2015 peer group and the four managed care companies are listed at the end of this Compensation Discussion and Analysis.

Table of Contents

1	Board of Directors	2	Corporate Governance	Audit Committee Matters	4	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	-------------------------	---	---	----------------	---	-------------------

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.

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 potentially accumulate in the future.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

Elements of our Compensation Program

Overview

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

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: 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	Long-term performance compensation, variable
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

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

As reflected in the charts below, the mix of total target compensation granted in 2015 to our named executive officers was heavily weighted towards performance-based and long-term incentive compensation, with long-term incentive awards making up approximately 70% of total target compensation for our named executive officers.

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. 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, Ms. Short and Ms. Wilson were made retroactive to December 1, 2014:

Stephen J. Hemsley	1,300,000	1,300,000	0%
David S. Wichmann	1,100,000	900,000	22%
Larry C. Renfro	1,100,000	900,000	22%

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

Marianne D. Short	800,000	750,000	7%
D. Ellen Wilson	675,000	650,000	4%

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

Annual Cash Incentive Awards*2015 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 2015 annual cash incentive awards, the Compensation Committee sought to align broadly the compensation of our executive officers with key elements of the Company's 2015 business plan. Development of the Company's 2015 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 2014 and the first quarter of 2015. 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 2015 financial outlook presented publicly in December 2014 at the Company's annual investor conference.

The following table sets forth the performance measures and goals established, as well as actual 2015 performance results:

Revenue*	1/3	\$134.425 billion	\$141.5 billion	\$148.575 billion	\$144.519 billion
Operating Income*	1/3	\$9.563 billion	\$11.250 billion	\$12.938 billion	\$10.760 billion
Cash Flows from Operations*		\$6.97 billion	\$8.2 billion	\$9.43 billion	\$8.948 billion
Stewardship:	1/3	2014 results for customer and physician satisfaction and teamwork; 2 points above 2014 results for employee engagement	2 points above 2014 results for customer and physician satisfaction and teamwork; 4 points above 2014 results for employee engagement	4 points above 2014 results for customer and physician satisfaction and teamwork; 6 points above 2014 results for employee engagement	At 2015 target for employee engagement and teamwork; between threshold and target for customer and physician satisfaction
Customer and Physician Satisfaction					

Employee Engagement

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

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

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 2015, our revenue results for incentive plan measurement purposes were decreased to remove the revenues of acquired companies whose acquisitions were not contemplated when the targets were established.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

Context for the 2015 Annual Cash Incentive Plan Performance Goals

The 2015 financial performance measures at target level represented year-over-year growth in revenues of \$11.0 billion, or 8.5%; year-over-year growth in operating income of \$976 million, or 9.5%; and a year-over-year increase in operating cash flows of \$149 million, or 1.9%. These targets reflected the view that there would be a continued challenging business environment in 2015, including the following expectations:

Marketplace disruption and financial uncertainty related to certain elements of the public exchanges, including the level of enrollment growth and enrollee health status, risk-adjustment payments, the transitional reinsurance program, and the availability of funds to support the risk-corridor provision;

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

There would be continued downward rate pressure in government programs.

The 2015 non-financial performance measures were based on survey data results and, at target levels, represented increases over 2014 performance in all categories. These measures were viewed to be important to longer-term financial success 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 2015 annual cash incentive award would motivate executive officers to achieve results that contribute to value creation for our shareholders on a long-term basis and avoid excessive risks.

At the beginning of 2015, the Compensation Committee believed that achievement of the annual incentive goals required substantial performance on a broad range of initiatives contained in the 2015 business plan. These initiatives included the following:

Grow medical enrollment in UnitedHealthcare by approximately 900,000;

Continue to enhance the quality and operations of our government businesses to compensate for continued expected funding pressures;

Continue to innovate in commercial products, service and distribution and expand participation in the public exchanges;

Deliver more effective and comprehensive clinical management, and expand the proportion of our network operating with value-based contracts;

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

Increase the Company's net promoter score and enhance customer service, driving initiatives such as the deployment of the single point-of-contact Advocate4Me service approach;

Execute on Optum's growth and alignment initiatives, with major focus areas including care delivery, technology-enabled services and pharmacy care services; and

Further improve our consolidated operating cost ratio after considering the impact of changes in business mix.

Table of Contents

1	Board of Directors	2	Corporate Governance	Audit 4	Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	------------	-------------------	---	----------------	---	-------------------

With respect to these initiatives, the Company significantly exceeded its enrollment targets, adding 1.4 million new members, due in part to a significant increase in exchange participation and enrollment. UnitedHealthcare significantly improved its Medicare Star ratings and Optum achieved its combined revenue and earnings growth projections. In addition, the amount of medical spend covered under value-based arrangements increased to \$45 billion, the consolidated operating cost ratio decreased to 15.5%, and the Company achieved or made substantial progress on all of the other initiatives listed above.

Revenues were significantly above target levels even after excluding revenues from acquisitions that were not contemplated when targets were established. Operating income for 2015 was below target after excluding the income from acquisitions that were not contemplated when the targets were established. This shortfall to target can be primarily attributed to the performance of the Company's individual health insurance exchange products, both for 2015 results and due to a reserve established in 2015 for anticipated 2016 losses. Cash flows from operations for 2015 were significantly above target due to improved working capital related principally to the Company's strong growth.

Non-financial performance measures were at target levels except for customer and physician satisfaction, which was between threshold and target performance levels. Adjusted earnings per share increased 7% in 2015, and the Company's total shareholder return was 18%, 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, 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 2015 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.

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 determines annual cash incentive awards based on such performance. In determining 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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

In 2015, the Compensation Committee evaluated the Company's 2015 performance against the performance goals, overall business results, economic conditions, and individual performance objectives, and exercised its discretion to adjust the 2015 annual cash incentive awards such that they represented between 106% and 148% of the targets set at the beginning of 2015 for named executive officers. The target percentages for annual cash incentive awards to our named executive officers and the actual 2015 annual cash incentive awards paid are set forth in the table below. An explanation of how the individual amounts were determined follows the table.

Stephen J. Hemsley	200%	2,600,000	2,750,000	106%
David S. Wichmann	185%	2,035,000	3,000,000	147%
Larry C. Renfro	185%	2,035,000	3,000,000	147%
Marianne D. Short	100%	800,000	1,125,000	141%
D. Ellen Wilson	100%	675,000	1,000,000	148%

In determining the 2015 annual cash incentive award amounts, the Compensation Committee took into account the Company's performance against the 2015 annual performance goals set forth in the table above, business results described under "Context for the 2015 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 2015 performance evaluation focused on the following areas: strategic focus; leadership and organization effectiveness; vision and values; corporate reputation; stakeholder relations; Board relations; and overall performance. The Compensation Committee concluded that Mr. Hemsley's performance was outstanding and distinctive in each category. Mr. Hemsley's annual bonus award reflects a downward adjustment to the Compensation Committee's recommended award amount pursuant to a request from Mr. Hemsley.

Mr. Wichmann's individual performance considerations included assumption of the role of President of UnitedHealth Group and oversight leadership of UnitedHealthcare's businesses in addition to his Chief Financial Officer responsibilities; continued growth at UnitedHealthcare; strategic leadership of the Company's significant merger and acquisition agenda; leadership in developing new business platforms addressing multibillion dollar growth opportunities; developing and implementing more modern and engaging approaches to serving care providers and consumers through intuitive technologies; enterprise-wide technological advancement and simplification initiatives; expanded development of global businesses and operations; and continued balance sheet, cash flow and capital management disciplines.

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

Mr. Renfro's individual performance considerations included assumption of the role of Vice Chair of UnitedHealth Group in addition to his responsibilities as CEO of Optum; significant progress towards the multi-year "One Optum" strategic direction, related development of large-scale business partnerships and continued growth; related organizational and operational simplification initiatives; recruitment of high level senior talent from nontraditional sources to strengthen and diversify the Optum leadership team; successful large scale integration activities focused on the care delivery business; and realization of significant year one synergies in the ongoing integration of the Catamaran acquisition.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

Ms. Short's individual performance considerations included her strong leadership as a UnitedHealth Group executive in general; assumption of additional enterprise responsibilities as part of the Office of the Chief Executive; leadership of the legal department; oversight of enterprise-wide compliance and privacy matters; successful reincorporation of the Company in Delaware; participation in cost management initiatives; and distinctive leadership and judgment in ongoing litigation and business matters.

Ms. Wilson's individual performance considerations included her strong leadership as a UnitedHealth Group executive in general; assumption of additional enterprise responsibilities as part of the Office of the Chief Executive; leadership of the Human Capital department; talent management and development activities; leadership in succession planning and executive recruiting matters; helping achieve record high levels of employee engagement; and strengthening the enterprise compensation and benefits programs.

The Compensation Committee did not make specific assessments of, quantify or otherwise assign relative weightings to the factors listed above as it reached its decisions with respect to any of the named executive officers. See the 2015 Summary Compensation Table and other related compensation tables below for details regarding 2015 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

2013-2015 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 2013-2015 performance period were based on achieving the following performance results versus the pre-set goals:

Cumulative Earnings Per Share	50%	\$ 15.89	\$ 16.87	\$ 18.24	\$ 17.21
Return on Equity	50%	14.5%	16.5%	18.5%	17.6%

The performance measures and goals for the 2013-2015 performance period were established during the first quarter of 2013 based on the Company's long-term business plan. The first year of the long-term business plan was based on the Company's 2013 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, the Company's long-term business plan specifically excluded the impact of sequestration (federal budget cuts arising from the Budget Control Act of 2011). The financial impact of sequestration was therefore excluded from the initial targets set for the 2013-2015 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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

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

Modest economic growth, with a gradual increase in interest rates and a stable Brazilian Real U.S. Dollar exchange rate;

Medicare, Medicaid and international enrollment growth in all years, including significant growth in 2014 from Medicaid expansion;

Commercial risk-based enrollment declines in 2013 and 2014, followed by modest growth in 2015 from expansion in new and existing markets, products, services and distribution;

Commercial fee-based enrollment growth of over 4 million, including 3 million enrollees resulting from the implementation of the Company's TRICARE contract;

Continued downward rate pressure in government businesses;

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;

Continue to enhance the quality and operations of our government businesses to compensate for continued expected funding pressures;

Continued growth and alignment of the Optum businesses, driving distinctive revenue, margin and earnings performance;

Development and expansion of the Optum Pharmacy Care Services platform and capabilities, including successful insourcing of the UnitedHealthcare commercial business;

Ongoing improvements to our consolidated operating cost ratio on a comparable business mix basis; and

Effective cross-enterprise collaboration among various business units for the benefit of customers and our overall reputation and performance.

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

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 \$18.24 and an average return on equity ("ROE") of 18.5%. These maximum performance levels corresponded to a compound annual growth rate in EPS of 8.6% over the three-year period, with EPS growth in the 5% to 6% range in 2013, 6% to 7% in 2014, and over 14% in 2015, reflecting sequestration in 2013 and the commencement of the insurer's fee in 2014. The Company had a compound annual EPS growth rate of 4.4% over the three-year performance period. The resulting cumulative EPS of \$17.21 and accompanying ROE of 17.6% were both between the target and maximum performance levels.

Factors that positively or negatively influenced our results subsequent to the approval of the long-term business plan in early 2013 included:

A continued movement to managed care in state-based Medicaid programs and faster than anticipated enrollment of individuals who became eligible with the expansion of Medicaid in 2014;

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

Continued relatively favorable medical cost trend experience over the three-year period;

Delayed implementation of the employer mandate, originally scheduled to become effective in 2014;

Significant losses in individual health insurance exchange products in 2015;

Charges taken in 2015 to establish reserves for anticipated future losses for individual health insurance exchange products and for a new state Medicaid managed care plan;

Significant devaluation of the Brazilian Real against the U.S. Dollar; 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 2013-2015 performance period.

2013-2015 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 determines long-term cash incentive awards based on such performance. In determining these awards, the Compensation Committee has the ability to use its discretion to increase or decrease the actual awards in view of actual performance, individual contributions and overall business and market conditions.

For the 2013-2015 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 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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

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 2013-2015 performance period are set forth in the table below:

Stephen J. Hemsley	50%	3,359,658,333	3,316,660,000	140%
David S. Wichmann	50%	2,503,490,481	980,962,866,700	140%
Larry C. Renfro	50%	2,503,490,481	980,962,866,700	140%
Marianne D. Short	50%	1,959,383,974	767,948,537,600	140%
D. Ellen Wilson	50%	1,439,282,051	564,102,394,900	140%

The primary factor considered by the Compensation Committee in the determination of the long-term cash incentive award amounts was achievement of 2013-2015 long-term incentive plan EPS and ROE between target and maximum goals. Ms. Wilson, who became Executive Vice President, Human Capital in May 2013, received a prorated payout of the 2013-2015 long-term cash incentive award.

2013-2015 Performance Share Awards

The use of performance shares as a component of the overall equity awards granted was based upon the Compensation Committee's desire to encourage superior performance and build executive ownership; consideration of competitive market data; the value of utilizing a balanced system to facilitate prudent decision-making and mitigate risk; 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 2013-2015 performance period were above target due to the Company's strong ROE and earnings growth performance and are set forth in the table below as well as reflected in the 2015 Option Exercises and Stock Vested table:

Stephen J. Hemsley	333	65,354	130,708	91,496	140%
David S. Wichmann	200	39,213	78,426	54,899	140%
Larry C. Renfro	200	39,213	78,426	54,899	140%

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

Marianne D. Short	89	17,428	34,856	24,400	140%
D. Ellen Wilson					%

Ms. Wilson did not receive performance shares as part of her 2013 equity grant because she was not an executive officer at that time.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

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 2015 should include grants of performance shares, RSUs 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. 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. RSU grants were selected because they are full value shares with time vesting and, as such, provide added retention value. 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. Unvested shares of RSUs receive dividend equivalents, which are subject to the same terms as the RSUs and will be forfeited if the underlying RSUs do not vest. The determination to pay dividend equivalents on RSUs was made after considering market practices.

The aggregate number of shares subject to equity awards made in 2015 for all employees was approximately 1% of the Company's shares outstanding at the end of 2015.

Equity Awards 2015

In February 2015, the Compensation Committee granted the following target number of performance shares, RSUs and stock options to our named executive officers:

Stephen J. Hemsley	42,902	21,451	103,678
David S. Wichmann	30,284	15,142	73,185
Larry C. Renfro	30,284	15,142	73,185
Marianne D. Short	14,225	7,113	34,375
D. Ellen Wilson	11,070	5,535	26,751

The grant date fair values and terms of these equity awards are discussed in the 2015 Grants of Plan-Based Awards table.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

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 and all of our named executive officers, other than Mr. Hemsley, receive supplemental group term life insurance coverage of \$2 million. Executive officers are also eligible to participate in our non-qualified Executive Savings Plan. See the 2015 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 Gift Program. This program is available to approximately 16,500 employees, 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 employee. 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 or apartments 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.

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 mitigating 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;

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

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.

Table of Contents

1	Board of Directors	2	Corporate Governance	Audit	4	Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	-------	---	-------------------	---	----------------	---	-------------------

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 23, 2016, 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 312 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 2015, 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; (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; and (c) seeking reimbursement of the entire amount of any bonus paid.

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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

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 are delivered through a balanced mix of performance shares, RSUs and stock options to encourage sustained performance over time;

We have stock ownership guidelines for our executive officers;

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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

Peer Group and 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 plc	
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 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	Walgreens Boots Alliance, Inc.	
General Mills, Inc.	Wells Fargo & Company	
Gilead Sciences Inc.		

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, 2015. 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.

Compensation Committee Interlocks and Insider Participation

During fiscal 2015, Messrs. Ballard and Lawson and Dr. Wilensky served on the Compensation Committee. None of these persons has ever been an officer or employee of the Company or any of its subsidiaries and has no interlocking relationships requiring disclosure under applicable SEC rules.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

2015 Summary Compensation Table*

The following table provides certain summary information for the years ended December 31, 2015, 2014 and 2013 relating to compensation paid or granted to, or accrued by us on behalf of, our named executive officers.

Stephen J. Hemsley CEO	2015	2,050,000	7,012,346	7,936,720,000	(75,167)	18,164
	2014	2,000,000	7,625,187	4,728,949,000	107,448	56,321
	2013	2,000,000	5,625,087	5,011,000,000	173,250	73,284
David S. Wichmann President and CFO	2015	2,050,000	4,950,076	5,326,867,000	144,723	581,817
	2014	2,000,000	6,375,123	4,816,431,102	99,429	42,565
	2013	2,002,885	3,375,092	5,026,608,526	114,061	115,567
Larry C. Renfro Vice Chairman and CEO, Optum	2015	2,050,000	4,950,076	5,326,867,000	152,216	589,358
	2014	2,000,000	6,375,123	4,816,431,102	54,524	97,606
	2013	2,002,885	3,375,092	5,026,608,526	49,928	801,434
Marianne D. Short Executive Vice President and Chief Legal Officer	2015	2,852,693	2,325,207	5,166,626,600	86,496	682,147
	2014	2,050,000	3,250,075	4,909,482,981	100,603	333,656
	2013	2,121,250	2,000,000	5,017,990,384	65,740	27,355
D. Ellen Wilson Executive Vice President, Human Capital	2013	1,923	1,809,445	3,235,394,900	82,478	891,683

*

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, 2015, 2014 and 2013. Amounts reported for 2015, which had one additional pay period, include the following amounts deferred by the named executive officers under our Executive Savings Plan:

Name	Amount Deferred
Stephen J. Hemsley	\$ 81,000
David S. Wichmann	\$ 69,000
Larry C. Renfro	\$ 69,000
Marianne D. Short	\$ 49,961
D. Ellen Wilson	\$ 84,231

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

- (2) The amounts reported in this column reflect the aggregate grant date fair value of the RSUs and performance shares (at target) granted in 2015, 2014 and 2013 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 2015 and the grant date fair value of performance shares granted in 2015 if target performance and maximum performance is achieved are as follows:

Name	Restricted	Performance Shares	
	Stock Units	Target	Maximum
Stephen J. Hemsley	\$ 2,337,515	\$ 4,675,031	\$ 9,350,062
David S. Wichmann	\$ 1,650,024	\$ 3,300,047	\$ 6,600,094
Larry C. Renfro	\$ 1,650,024	\$ 3,300,047	\$ 6,600,094
Marianne D. Short	\$ 775,104	\$ 1,550,098	\$ 3,100,196
D. Ellen Wilson	\$ 603,149	\$ 1,206,298	\$ 2,412,596

See the 2015 Grants of Plan-Based Awards table for more information on stock awards granted in 2015.

- (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 2015 reflect the aggregate grant date fair value of stock options granted in 2015 computed in accordance with FASB ASC Topic 718. For a description of the assumptions used in computing the aggregate grant date fair value, see Note 12 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. These same assumptions have been used in computing aggregate grant date fair values 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 2015 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	\$ 2,750,000
David S. Wichmann	\$ 3,000,000	\$ 180,000
Larry C. Renfro	\$ 3,000,000	\$ 180,000

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

Marianne D. Short	\$ 1,125,000	\$ 67,500
D. Ellen Wilson	\$ 1,000,000	\$ 300,000

The long-term cash incentive awards for the 2013-2015 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	2013-2015	\$ 922,000	
David S. Wichmann	2013-2015	\$ 686,700	\$ 41,202
Larry C. Renfro	2013-2015	\$ 686,700	
Marianne D. Short	2013-2015	\$ 537,600	
D. Ellen Wilson	2013-2015	\$ 394,900	

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

(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 Board Service				Insurance Premiums(b)
		Company Contributions Under 401(k) Savings Plan	Company Matching Contributions Under Executive Savings Plan	Company Matching Contributions Under Board Service Program(a)	Insurance Premiums(b)	
Stephen J. Hemsley	2015	\$ 11,925	\$ 130,500			
David S. Wichmann	2015	\$ 11,925	\$ 124,500			
Larry C. Renfro	2015	\$ 11,925	\$ 124,500			\$ 15,840
Marianne D. Short	2015	\$ 11,925	\$ 58,731			\$ 15,840
D. Ellen Wilson	2015	\$ 11,550	\$ 50,308	\$ 10,000		\$ 10,320

As permitted by SEC rules, we have omitted perquisites and other personal benefits that we provided to certain named executive officers in 2015 if the aggregate amount of such compensation to each of such named executive officers was less than \$10,000.

(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 amount included represents a donation to a charitable organization made by the Company under this policy.

(b) The Company provides each of Messrs. Wichmann and Renfro and Mses. Short and Wilson a \$2 million face value term life insurance policy. The 2015 annual premiums paid by the Company on behalf of Mr. Wichmann 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 2015.

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

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

2015 Grants of Plan-Based Awards*

The following table presents information regarding each grant of an award under our compensation plans made during 2015 to our named executive officers for fiscal year 2015.

Stephen J. Hemsley

Annual Cash Incentive Award(2)		2,340,600,000,000	
2015-17 Long-Term Incentive Award(3)		2,581,336,666	
Performance Share Award(4)(5)	2/10/2015	142,982,804	4,675,031
RSU Award(4)	2/10/2015		21,451
Stock Option Award(4)	2/10/2015		103,678,939

David S. Wichmann

Annual Cash Incentive Award(2)		1,832,536,000,000	
2015-17 Long-Term Incentive Award(3)		2,581,336,666	
Performance Share Award(4)(5)	2/10/2015	138,284,568	3,300,047
RSU Award(4)	2/10/2015		15,142
Stock Option Award(4)	2/10/2015		73,181,070,322

Larry C. Renfro

Annual Cash Incentive Award(2)		1,832,536,000,000	
2015-17 Long-Term Incentive Award(3)		2,581,336,666	
Performance Share Award(4)(5)	2/10/2015	138,284,568	3,300,047
RSU Award(4)	2/10/2015		15,142
Stock Option Award(4)	2/10/2015		73,181,070,322

Marianne D. Short

Annual Cash Incentive Award(2)		720,800,000		0,000
2015-17 Long-Term Incentive Award(3)		1,708,480		898
Performance Share Award(4)(5)	2/10/2015		160,228,450	1,550,098
RSU Award(4)	2/10/2015		7,113	775,104
Stock Option Award(4)	2/10/2015		34,375	108,975,156

D. Ellen Wilson

Annual Cash Incentive Award(2)		607,600,000		0,000
2015-17 Long-Term Incentive Award(3)		1,449,983		974
Performance Share Award(4)(5)	2/10/2015		17,072,140	1,206,298
RSU Award(4)	2/10/2015		5,535	603,149
Stock Option Award(4)	2/10/2015		26,751	108,903,235

* 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 12 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. 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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

(2) Amounts represent estimated payouts of annual cash incentive awards granted under our Executive Incentive Plan in 2015. 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 times the target amount, and the maximum amounts shown for each named executive officer equal two times each executive officer's target amount. 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 2015 awards are reported in the 2015 Summary Compensation Table.

(3) Amounts represent estimated future payouts of long-term cash incentive awards granted under our Executive Incentive Plan in 2015 for the 2015-2017 performance period to be paid in 2018. 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 2015, upon recommendation by management, the Compensation Committee approved a cumulative EPS measure and an average ROE measure for the 2015-2017 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 2015-2017 performance period. This three-year average salary was determined using participants' actual 2015 salaries earned and estimates of salaries for 2016 and 2017.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

(4) Amounts represent grants under the 2011 Stock Incentive Plan with the terms set forth below. In addition, the 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.

Performance Share Award
(3-year performance period with cliff vesting)

For awards prior to 2016, the target number of performance shares will immediately vest upon a change in control.* For awards granted in 2016 and going forward, performance shares have double-trigger vesting at change in control.

If the executive officer is retirement-eligible, upon retirement, the number of performance shares that are earned at the end of the performance period based on actual performance, if any, 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, if any, based on the number of full months employed plus, if applicable, the number of months for any severance period.

RSU 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.

and

Unvested award will vest in full upon death or disability.

Stock Option 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.

*

Beginning with performance share awards granted in 2016, unvested awards will vest 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"

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

vesting). The number of performance awards that vest will be dependent upon the performance vesting criteria that have been satisfied.

**

Except as provided in footnote 4 to the Outstanding Equity Awards at 2015 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 Stock Incentive 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 2015-2017 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.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

Outstanding Equity Awards at 2015 Fiscal Year-End

The following table presents information regarding outstanding equity awards held at the end of fiscal year 2015 by our named executive officers.

Stephen J. Hemsley	2/10/2015	103,678	(30,897)	2025	10/2015	6,801,447	7,030	
	2/12/2014	20,976	2,939	(370)	12/2014	40/2015	42,903	
	2/6/2014	19,656	49,656	(357)	2/6/2014	3/2/2014	10,670	
	2/9/2014	10,036			33	10/2014	12/2014	53,386
	2/23/2014	69,683			29	2/23/2014	9/2/2014	18,063
	1/31/2016	100,000			59	1/31/2016	6/2013	1,320
David S. Wichmann	2/10/2015	73,185	(30,897)	2025	10/2015	3,811,809	9,421	
	2/12/2014	14,587	7,764	(370)	12/2014	40/2015	30,283	
	2/6/2014	19,793	29,794	(357)	2/6/2014	3/2/2014	4,402	
	2/9/2014	16,024			33	10/2014	12/2014	32,033
	2/23/2014	19,122			29	2/23/2014	9/2/2014	4,095
	6/5/2013	103,642			33	6/5/2013	6/2010	2,814
	5/28/2017	27,000			5	5/28/2017		
5/28/2017	57,000			5	5/28/2017			
5/2/2016	50,000			48	5/2/2016			
Larry C. Renfro	2/10/2015	73,185	(30,897)	2025	10/2015	3,811,809	9,421	

Edgar Filing: UNITEDHEALTH GROUP INC - Form DEF 14A

2/12/2014	14,587,764	(370,142)	2/12/2015	30,283,610
2/6/2013	29,793,794	(357,238)	2/12/2014	12,402,458
			2/12/2014	32,033,480
			2/12/2014	4,093,157
			2/6/2010	284,09,810

Marianne D. Short

2/10/2015	34,375	(108,970)	2/10/2015	3,225,949
2/12/2014	8,392,176	(370,142)	2/12/2015	14,225,429
2/6/2013	26,483,484	(357,238)	2/12/2014	18,268,648
			2/12/2014	21,356,320
			2/12/2014	6,987,073
			2/6/2018	282,150,694

D. Ellen Wilson

2/10/2015	26,751	(108,970)	2/10/2015	622,661,372
2/12/2014	1,183,568	(370,142)	2/12/2015	11,070,275
2/6/2013	13,864,865	(357,238)	2/12/2014	14,024,863
11/3/2011	16,275	46,118	2/12/2014	6,987,073
			2/6/2016	16,856,540

- (1) The expiration date shown is the latest date that stock options/SARs may be exercised. Stock options/SARs may terminate earlier in certain circumstances, such as in connection with the named executive officer's termination of employment.
- (2) Based on the per share closing market price of our common stock on December 31, 2015 of \$117.64.
- (3) Vest 25% annually over a four-year period beginning on the first anniversary of the grant date.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

- (4) Vest 25% annually over a four-year period beginning on the first anniversary of the grant date, other than for retirement eligible executive officers. A portion of a retirement eligible executive officer's award that otherwise would have vested on the next specified vesting date is cancelled to pay applicable FICA taxes owed by the executive officer. The cancellation occurs in the year of grant if the executive officer is retirement eligible during that year or in the first year the executive officer becomes retirement eligible. The remainder of the award vests proportionally over the remaining vesting period. Mr. Hemsley is retirement eligible. These RSUs are eligible to and did receive dividend equivalents converted into additional shares; accordingly, the number of shares shown has been rounded to the nearest whole share. For more information on RSUs cancelled in 2015, please see the 2015 Option Exercises and Stock Vested table.
- (5) Vest 100% on February 12, 2017. These RSUs are eligible to and did receive dividend equivalents converted into additional shares; accordingly, the number of shares shown has been rounded to the nearest whole share.
- (6) Vest 100% at the end of the three-year performance period. The number of performance shares that the executive officer will receive is dependent upon the achievement of a cumulative EPS measure and an average ROE measure approved by the Compensation Committee. The number of performance shares reported above for grants made in 2015 and 2014 is at the target number established by the Compensation Committee because we currently believe that is the probable outcome of the performance conditions based on the Company's performance through December 31, 2015.

2015 Option Exercises and Stock Vested

The following table presents information regarding the exercise of stock options during fiscal year 2015 by our named executive officers and vesting of restricted stock awards held by our named executive officers for fiscal year 2015.

Stephen J. Hemsley		129,957,925,534 ⁽²⁾⁽³⁾⁽⁵⁾
David S. Wichmann	165,000,940,060 ⁽⁴⁾	142,155,786,538 ⁽²⁾⁽³⁾
Larry C. Renfro		142,155,786,538 ⁽²⁾⁽³⁾
Marianne D. Short		36,112,136,704 ⁽²⁾⁽³⁾
D. Ellen Wilson	16,275,117,310 ⁽⁴⁾	19,462,160,865 ⁽²⁾

(1)

Computed by determining the market value per share of the shares acquired based on the difference between: (a) the per share market value of our common stock at exercise, defined as the closing price on the date of exercise, or the weighted average selling price if same-day sales occurred, and (b) the exercise price of the stock options.

Table of Contents

1	Board of Directors	2	Corporate Governance	4	Audit Committee Matters	5	Annual Meeting	6	Other Information
---	--------------------	---	----------------------	---	-------------------------	---	----------------	---	-------------------

(2) Reflects the vesting of a portion of the RSUs granted. The value realized on vesting was computed based on the following:

Name	Date of Vesting	Number of Shares Acquired on Vesting	Market Price at Vesting	Value Realized on Vesting
Stephen J. Hemsley	2/7/2017 2/7/2015	23,485	\$107.60	\$2,526,986
	2/6/2016 2/6/2015	8,436	\$107.60	\$907,714
	2/12/2014 2/12/2015	5,551	\$109.84	\$609,722
David S. Wichmann	2/9/2019 2/9/2015	563,030	\$106.49	\$6,712,065
	2/7/2017 2/7/2015	15,098	\$107.60	\$1,624,545
	2/6/2016 2/6/2015	5,062	\$107.60	\$544,671
	2/12/2014 2/12/2015	4,069	\$109.84	\$446,939