

[illegible]

Target Price Range	2017	2018	2019
160			
120			
100			
80			

			60
			50
			40

TOT. RETURN 5/14

THIS STOCK	VL ARITH.* INDEX
29.1	19.4
70.0	43.7
217.5	161.9

CAPITAL STRUCTURE as of 3/31/14	37218	45365	71542	75431	81186	87138	94155	101862	110618	122489	128375	137500	Revenues (\$mill)	176000
Total Debt \$16765 mill. Due in 5 Yrs \$6900 mill.	12.0%	12.8%	10.7%	11.5%	9.0%	8.4%	9.5%	9.4%	9.5%	9.0%	9.2%	9.7%	Operating Margin	10.7%
LT Debt \$14524 mill. LT Interest \$800 mill.	374.0	453.0	670.0	796.0	981.0	991.0	1064.0	1124.0	1309.0	1375.0	1450	1575	Depreciation (\$mill)	1900
(30% of Cap'l)	2587.0	3300.0	4159.0	4654.0	3660.0	3822.0	4634.0	5142.0	5526.0	5625.0	5335	5760	Net Profit (\$mill)	8510
Leases, Uncapitalized Annual rentals \$487.0 mill.	34.9%	35.7%	36.3%	36.3%	35.9%	34.2%	37.2%	35.4%	35.9%	36.4%	36.5%	36.5%	Income Tax Rate	37.0%
	7.0%	7.3%	5.8%	6.2%	4.5%	4.4%	4.9%	5.0%	5.0%	4.6%	4.2%	4.2%	Net Profit Margin	4.8%
No Defined Benefit Pension Plan	d3088	d6004	d2453	d2948	d4771	d3963	d5307	d3572	d6064	d7501	d7000	d6000	Working Cap'l (\$mill)	d3500
Pfd Stock None	3350.0	3850.0	5973.0	9063.0	11338	9009.0	8662.0	10656	14041	14891	14000	13300	Long-Term Debt (\$mill)	11000
	10717	17733	20810	20063	20780	23606	25825	28292	31178	32149	35000	37000	Skr. Equity (\$mill)	42700
Common Stock 979,860,669 shs.	18.8%	15.8%	16.4%	16.9%	12.4%	12.6%	14.1%	13.9%	12.9%	12.6%	11.5%	12.0%	Return on Total Cap'l	16.5%
	24.1%	18.6%	20.0%	23.2%	17.6%	16.2%	17.9%	18.2%	17.7%	17.5%	15.5%	15.5%	Return on Shr. Equity	20.0%
	24.0%	18.5%	19.8%	23.0%	17.4%	16.0%	16.2%	15.9%	15.1%	14.2%	11.5%	11.5%	Retained to Com Eq	15.5%
MARKET CAP: \$78 billion (Large Cap)													All Div'ds to Net Prof	22%
CURRENT POSITION - 2014	1%	1%	1%	1%	1%	1%	10%	13%	15%	19%	26%	27%		

Health Svcs. 2/08; Unison Health 5/08; Amil P. 4/13. Medical cost ratio: 81.5% in 2013. Has about 156,000 employees. BlackRock owns 6.2% of common stock; offs. & dirs., 1.84% (4/14 Proxy). President and CEO: Stephen J. Helmsley. Incorporated: Minnesota. Address: 9900 Bren Road East, Minnetonka, MN 55343. Telephone: 952-936-1300. Internet: www.unitedhealthgroup.com.

We are on board with management's expectations for the Optum division. A bevy of smaller companies on this scene will need assistance on a number of topics in the near term. These growing and diverse needs were acknowledged by the decision to divide Optum into three com-

decision to divide Optum into three separate units. Top brass has set a goal of having 8% margins at Optum by 2016. If so, this portion of the portfolio could produce about 40% of UNH's overall earnings. Given the changing dynamics, we think these figures may prove to be a slam dunk. This is a quality equity company to be

This top-quality equity appears to be reasonably valued at this juncture. The shares have hovered around the \$80-a-share level for some time now, as potential investors await a spark before jumping on this Dow-30 component. Nothing looks imminent on the horizon, which is

depicted in our neutral ranking for timeliness and middle-of-the-pack projections for capital appreciation over the next 3 to 5 years. The dividend is rising rapidly, but does not yet merit investment consideration as a stand-alone trait.

Erik M. Manning *June 13, 2014*

Company's Financial Strength	A++
Stock's Price Stability	75
Price Growth Persistence	50
Earnings Predictability	95

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