

21052 20380 22364 **Current Assets** 17988 19033 21390 Accts Payable 2713 6415 1969 6879 2241 7085 27116 27881 30716 Current Liab.

Past Est'd '11-'13 ANNUAL RATES Past 10 Yrs. to '17-'19 of change (per sh) 5 Yrs. Revenues "Cash Flow" 17 5% 12.5% 10.5% 9.5% 9.5% 17.0% Earnings Dividends 17.0% 58.5% 10.5% 94.0% 10.0% 12.0% **Book Value** 23.0% 13.0%

Debt Due

Other

Cal- endar	QUAR Mar.31		VENUES (Sep.30		Full Year
2011	25432	25234	25280	25916	101862
2012	27282	27265	27302	28769	110618
2013	30340	30408	30624	31117	122489
2014	31708	31900	32200	32567	128375
2015	34200	34300	34400	34600	137500
Cal-	EARNINGS PER SHAREA				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2011	1.22	1.16	1.17	1.18	4.73
2012	1.31	1.27	1.50	1.20	5.28
2013	1.16	1.40	1.53	1.41	5.50
2014	1.10	1.25	1.60	1.55	5.50
2015	1.20	1.45	1.70	1.65	6.00
Cal-	QUARTERLY DIVIDENDS PAID B Full				
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2010		.155	.125	.125	.41
2011	.125	.1625	.1625	.1625	.61
2012	.1625	.2125	.2125	.2125	.80
2013	.212	5 .28	.28	.28	1.05
2014	.28	.375			

care benefits), OptumHealth, OptumInsight, and OPtumRx (information and technology based health services, consulting, and PBM). Acquired Oxford 7/04; PacifiCare Health Sys. 12/05; Sierra

UnitedHealth Group's share net for 2014 will probably look a lot like 2013's figure. For our second-straight review, we are slicing a dime from our EPS call due to the pressures weighing on UNH via the combination of reform-related fees and Medicare cuts. The incremental impact of sequestration also contributed to the reduction. Elsewhere, the introduction and ramp out of a Hep-C medication, Sovaldi, did not go as smoothly as planned and further complicated matters. All told, though, we do think United is making strides in getting its house in order post-reform, and a bottom line of \$5.50 appears likely this year.

Investors should not be turned off by flat earnings, as UnitedHealth is still at the head of its industry. As the company drifts through the changing waters of the medical services field, it is making significant progress and moves that will ensure profit growth which we envision starting in 2015. Longer-term positioning and growth potential are elevated here and should begin to shine through in 2015. For that year, an earnings advance of at

least 10% looks doable. And this call is a

President and CEO: Stephen J. Helmsley. Incorporated: Minnesota. Address: 9900 Bren Road East, Minnetonka, MN 55343. Telephone: 952-936-1300. Internet: www.unitedhealthgroup.com.

conservative one by all parties.

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 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 top-quality equity appears to be reasonably valued at this juncture. The shares have hovered around the \$80a-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 vears. The dividend is rising rapidly, but does not yet merit investment consideration as a stand-alone trait. Erik M. Manning June 13, 2014

(A) Diluted earnings. Excludes nonrecurring gains/(losses): '98, (47¢); '99, 1¢; '00, 4¢; '07, (8¢); '08, (55¢). Next earnings report due mid-

(B) Quarterly dividend initiated 6/10. Dividends historically paid in late March, June, September, and December.

(D) In millions, adjusted for stock splits.

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

(C) Includes intangibles. In '13, \$35.4 billion, © 2014 Value Line Publishing LLC. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.