



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
14.60	16.65	19.00	20.89	24.72	28.94	33.41	53.19	60.20	67.60	75.97	86.70	95.20	108.56	123.98	136.77	161.55	189.20	Revenues per sh	236.55
.59	.75	.95	1.34	1.82	2.30	2.76	3.59	4.35	3.86	4.20	5.25	5.86	6.71	7.09	7.44	8.00	9.45	"Cash Flow" per sh	13.80
.40	.53	.70	1.06	1.48	1.97	2.48	2.97	3.42	2.95	3.24	4.10	4.73	5.28	5.50	5.70	6.35	7.35	Earnings per sh A	11.00
.00	.01	.01	.01	.01	.02	.03	.03	.03	.03	.03	.41	.61	.80	1.05	1.41	1.88	2.20	Div'ds Decl'd per sh B	3.25
.15	.19	.34	.35	.30	.27	.37	.54	.70	.66	.64	.81	1.00	1.05	1.32	1.60	1.65	1.80	Cap'l Spending per sh	2.15
2.88	2.91	3.15	3.70	4.40	8.33	13.06	15.47	16.01	17.30	20.58	23.78	26.44	30.60	32.54	34.02	35.45	38.65	Book Value per sh C	45.15
1339.8	1268.9	1234.5	1197.8	1166.0	1286.0	1358.0	1345.0	1253.0	1201.0	1147.0	1086.0	1070.0	1019.0	988.00	954.00	955.00	945.00	Common Shs Outst'g D	930.00
17.2	19.6	22.5	19.9	16.4	17.1	20.7	17.2	15.3	10.9	8.1	8.0	9.8	10.4	11.9	14.7	17.8	19.0	Avg Ann'l P/E Ratio	12.5
.98	1.27	1.15	1.09	.93	.90	1.10	.93	.81	.66	.54	.51	.61	.66	.67	.78	.88	.95	Relative P/E Ratio	.78
.1%	.0%	.0%	.0%	.0%	.0%	.1%	.1%	.1%	.1%	.1%	1.2%	1.3%	1.5%	1.6%	1.7%	1.7%	1.7%	Avg Ann'l Div'd Yield	2.4%

CAPITAL STRUCTURE as of 6/30/15
 Total Debt \$18071 mill. Due in 5 Yrs \$7400 mill.
 LT Debt \$15378 mill. LT Interest \$845 mill.

Leases, Uncapitalized Annual rentals \$491.0 mill.
 (31% of Cap'l)

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 953,562,580 shs.

MARKET CAP: \$107 billion (Large Cap)

CURRENT POSITION	2013	2014	6/30/15
Cash Assets	9213	9236	9802
Receivables	3052	4252	6034
Other	8115	9068	11730
Current Assets	20380	22556	27566
Accts Payable	19033	21287	24768
Debt Due	1969	1399	2693
Other	6879	7937	8280
Current Liab.	27881	30623	35741

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '12-'14
of change (per sh)			
Revenues	17.5%	12.5%	12.0%
"Cash Flow"	14.5%	11.5%	12.0%
Earnings	14.0%	11.5%	13.0%
Dividends	58.5%	105.0%	20.0%
Book Value	19.5%	12.5%	5.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	27282	27265	27302	28769	110618
2013	30340	30408	30624	31117	122489
2014	31708	32574	32759	33433	130474
2015	35756	36263	40110	42131	154260
2016	44200	44250	45000	45350	178800

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	1.42	1.63	1.55	5.70
2015	1.46	1.64	1.65	1.60	6.35
2016	1.73	1.87	1.88	1.87	7.35

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.125	.1625	.1625	.1625	.61
2012	.1625	.2125	.2125	.2125	.80
2013	.2125	.28	.28	.28	1.05
2014	.28	.375	.375	.375	1.41
2015	.375	.50	.50		

whole. Coincidentally, we have lifted our 2016 bottom-line call by that exact amount, to \$7.35 a share.

Optum is no longer a hidden jewel in this portfolio. Upon UNH's inclusion into the Dow-30, the market began to take notice of its Information Technology, con-

well-supported dividend stream for years to come.

These high-quality shares remain a strong play for momentum accounts. UNH is a powerhouse, and its muscles do not yet appear to be fully flexed.

Erik M. Manning *September 11, 2015*

(A) Diluted earnings. Excludes nonrecurring gains/(losses): '99, 1c; '00, 4c; '07, (8c); '08, (55c). Next earnings report due mid-October.
 (B) Quarterly dividend initiated 6/10. Dividends historically paid in late March, June, September, and December.
 (C) Includes intangibles. In '14, \$36.6 billion, \$38.38/share.
 (D) In millions, adjusted for stock split.

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UnitedHealth Group's page now reflects the completed purchase of Catamaran. While the majority of its peers are engulfed in M&A activity (see Aetna/Humana and Anthem/Cigna), UNH is choosing to maintain its leadership position by fleshing out a high-growth arena. Catamaran builds up the Rx division of the Optum arms. We think this strategy is as sound as could be. Bears fear opt-outs by pre-existing Catamaran customers will be elevated, but we disagree with that line of thinking. Cheaper alternatives are the only thing that would spark a mass exodus, and we simply do not see appealing options outside of UnitedHealth at this juncture. From an earnings standpoint, we look for no contribution in 2015 from this pact due to integration costs. Next year, however, Catamaran should pitch in with \$0.30 of earnings to the company as a whole. Coincidentally, we have lifted our 2016 bottom-line call by that exact amount, to \$7.35 a share. **Optum is no longer a hidden jewel in this portfolio.** Upon UNH's inclusion into the Dow-30, the market began to take notice of its Information Technology, con-

sulting, and pharmacy benefits manager operations, commonly referred to as Optum. We have been trumpeting not only the results, but the explosive potential of this business for much longer. These entities give United a sizable leg up on its competition and warrant that this stock trade at a premium versus the rest of the industry, in our view. In fact, the buzz around Optum has grown to levels where spinout talk is becoming par for the course. Eventually, we think management will put more thought/planning into this possibility. For now, all parties seem content on UNH as currently constructed. **Our forward-looking dividend calls are slightly ahead of consensus, because we think a 30% payout will be maintained out to 2018-2020.** Cash is on the rise, and cash flow generation is ramping up, which should lead to a growing, well-supported dividend stream for years to come. **These high-quality shares remain a strong play for momentum accounts.** UNH is a powerhouse, and its muscles do not yet appear to be fully flexed.

Erik M. Manning September 11, 2015

Company's Financial Strength	A++
Stock's Price Stability	75
Price Growth Persistence	70
Earnings Predictability	100

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