



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20
Price	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	<b>163.50</b>	<b>192.95</b>	244.65
Gain	.59	.75	.95	1.34	1.82	2.30	3.76	3.59	4.35	3.86	4.20	5.25	5.86	6.71	7.09	7.44	<b>7.80</b>	<b>9.40</b>	13.90
Return	.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	<b>6.10</b>	<b>7.20</b>	11.00
Div'd	.00	.01	.01	.01	.01	.02	.03	.03	.03	.03	.03	.41	.61	.80	1.05	1.41	<b>1.88</b>	<b>2.20</b>	3.25
Spending	.15	.19	.34	.35	.30	.27	.37	.54	.70	.66	.64	.81	1.00	1.05	1.32	1.60	<b>1.60</b>	<b>1.70</b>	2.05
Book Value	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	<b>35.15</b>	<b>38.30</b>	44.65
Common Shs	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	<b>955.00</b>	<b>945.00</b>	930.00
P/E Ratio	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	<b>12.5</b>	<b>12.5</b>	12.5
Relative P/E	.98	1.27	1.15	1.09	.93	.90	1.10	.93	.81	.66	.54	.51	.61	.66	.67	.78	<b>.78</b>	<b>.78</b>	.78
Div'd Yield	.1%	.0%	.0%	.0%	.0%	.0%	.1%	.1%	.1%	.1%	.1%	1.2%	1.3%	1.5%	1.6%	1.7%	<b>1.7%</b>	<b>1.7%</b>	2.4%

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20
Revenues	1439.8	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	<b>955.00</b>	<b>945.00</b>	227500
Operating Margin	12.8%	10.7%	11.5%	9.0%	8.4%	9.5%	9.4%	9.5%	9.0%	9.0%	9.4%	9.6%	9.6%	9.6%	9.6%	9.6%	<b>9.4%</b>	<b>9.6%</b>	11.0%
Depreciation	453.0	670.0	796.0	981.0	991.0	1064.0	1124.0	1309.0	1375.0	1478.0	1615	2075	2700	2700	2700	2700	<b>2700</b>	<b>2700</b>	2700
Net Profit	3300.0	4159.0	4654.0	3660.0	3822.0	4634.0	5142.0	5526.0	5625.0	5619.0	5825	6805	10230	10230	10230	10230	<b>10230</b>	<b>10230</b>	10230
Income Tax Rate	35.7%	36.3%	36.3%	35.9%	34.2%	37.2%	35.4%	35.9%	36.4%	41.8%	41.0%	40.0%	40.0%	40.0%	40.0%	40.0%	<b>41.0%</b>	<b>40.0%</b>	40.0%
Net Profit Margin	7.3%	5.8%	6.2%	4.5%	4.4%	4.9%	5.0%	5.0%	4.6%	4.3%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	<b>3.7%</b>	<b>3.7%</b>	4.5%
Working Cap'l	d6004	d2453	d2948	d4771	d3963	d5307	d3572	d6064	d7501	d7067	d10000	d9600	d7250	d7250	d7250	d7250	<b>d7250</b>	<b>d7250</b>	d7250
Long-Term Debt	3850.0	5973.0	9063.0	11338	9009.0	8662.0	10656	14041	14891	16007	25000	24500	22200	22200	22200	22200	<b>22200</b>	<b>22200</b>	22200
Shr. Equity	17733	20810	20063	20780	23606	25825	28292	31778	32149	32454	33550	36200	41500	41500	41500	41500	<b>41500</b>	<b>41500</b>	41500
Return on Total Cap'l	15.8%	16.4%	16.9%	12.4%	12.6%	14.1%	13.9%	12.9%	12.6%	12.1%	11.5%	12.5%	17.0%	17.0%	17.0%	17.0%	<b>12.5%</b>	<b>12.5%</b>	17.0%
Return on Shr. Equity	18.6%	20.0%	23.2%	17.6%	16.2%	17.9%	18.2%	17.7%	17.5%	17.3%	17.5%	19.0%	24.5%	24.5%	24.5%	24.5%	<b>17.5%</b>	<b>17.5%</b>	24.5%
Retained to Com Eq	18.5%	19.8%	23.0%	17.4%	16.0%	16.2%	15.9%	15.1%	14.2%	13.1%	12.0%	13.0%	17.5%	17.5%	17.5%	17.5%	<b>13.0%</b>	<b>13.0%</b>	17.5%
All Div'ds to Net Prof	1%	1%	1%	1%	1%	1%	1%	10%	13%	15%	19%	24%	31%	31%	31%	31%	<b>31%</b>	<b>31%</b>	30%

**CAPITAL STRUCTURE as of 9/30/15**  
 Total Debt \$31782 mill. Due in 5 Yrs \$14800 mill.  
 LT Debt \$26015 mill. LT Interest \$1400 mill.  
 Leases, Uncapitalized Annual rentals \$491.0 mill. (44% of Cap'l)  
 No Defined Benefit Pension Plan  
 Pfd Stock None  
 Common Stock 953,108,435 shs.  
 MARKET CAP: \$111 billion (Large Cap)

**BUSINESS:** UnitedHealth Group is a diversified health and well-being company. It offers products and services to individuals through four segments: UnitedHealthcare (network-based health care benefits), OptumHealth, OptumInsight, and OptumRx (information and technology based health services, consulting, and PBM). Acquired Oxford 7/04; PacifiCare Health 12/05; Sierra Health Svcs. 2/08; Unison Health 5/08; Amil P. 4/13. Medical cost ratio: 80.9% in 2014. Has about 170,000 employees. BlackRock owns 6.0% of common; FMR LLC, 6.0%; offs. & dirs., 1.84% (4/15 Proxy). CEO: Stephen J. Hemsley; Pres./CFO: David S. Wichmann, Inc.: Minnesota. Address: 9900 Bren Road East, Minnetonka, MN 55343. Tel.: 952-936-1300. Web: www.unitedhealthgroup.com.

**UnitedHealth Group recently issued a guidance reduction for its 2015 earnings.** Basically, the company announced that it was trimming its full-year bottom-line call by roughly \$0.25 a share after it failed to see the number of people signing up for health insurance on the public exchanges as was initially anticipated. Recall, originally UNH had held back, for the most part, from rushing in, to these exchanges set up after the onset of the Affordable Care Act but, of late, the company had begun to make a push. Undoubtedly, substantial expenses were allotted for these moves, and that money is not generating the type of profit that management was looking for. We have trimmed our 2015 year-end estimate by a quarter, to \$6.10 a share. That amount equates to year-over-year growth of 7%. Also of note, on the day this news hit the wire, UNH shares slid 6% in value. That dip in price was recovered quickly, and the equity currently sits a couple of dollars above where it did at the time of our last review in September. **The effects of this announcement were felt industrywide.** Not only did UNH cut its earnings outlook, it also intimated that its involvement in the exchanges was under review, and the possibility of a full withdrawal in 2017 was on the table. This leads most to believe that the numbers may be staggeringly low. Too, other HMOs, like Aetna and Humana that are big players in this space might well be in the same boat. On top of this, hospital chains, which have benefited immensely from the ACA also saw their stocks take a hit with the perception being the good times may be nearing an end. For what it's worth, a handful of individual companies released statements saying all is well, and many equities recouped the initial losses. **The debt burden has risen significantly in the past three months, but we are not overly concerned yet.** United is a behemoth and has the wherewithal to take on this kind of leverage. Debt to capital is now 44% versus 31% at midyear. And we think the amount will head lower out to decade's end. **Momentum accounts are likely late to the party here.** Too, those with an eye on 2018-2020 have better options elsewhere. *Erik M. Manning* December 11, 2015

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	27282	27265	27302	28769	110618
2013	30340	30408	30624	31117	122489
2014	31708	32574	32759	33433	130474
2015	35756	36263	41489	<b>42652</b>	<b>156160</b>
2016	<b>45000</b>	<b>45100</b>	<b>45750</b>	<b>46500</b>	<b>182350</b>

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