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BEST IDEAS CONFERENCE 2013  
UNITEDHEALTH GROUP

**LOUNTZIS ASSET MANAGEMENT, LLC**

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## PRESENTATION OUTLINE

- INVESTMENT THESIS
- COMPANY BACKGROUND
- BUSINESSES
  - UNITEDHEALTHCARE
    - EMPLOYER AND INDIVIDUAL
    - COMMUNITY AND STATE
    - MEDICARE AND RETIREMENT
  - OPTUM
    - HEALTH
    - INSIGHT
    - RX
- INDUSTRY DYNAMICS
- HEALTHCARE REFORM
- FINANCIALS

# UNITEDHEALTH GROUP INVESTMENT THESIS-BUSINESSES

- BROADLY DIVERSIFIED HEALTHCARE PROVIDER
  - GEOGRAPHICALLY
    - 50 STATES AND 17 COUNTRIES
  - BUSINESS SEGMENTS
    - #1 MEDICARE ADVANTAGE
    - #1 MEDICARE SUPPLEMENT
    - #1 MEDICAID
    - #2 COMMERCIAL
  
- OPTUM REPRESENTS A HIDDEN GEM
  - HEALTH
  - INSIGHT
  - RX

# UNITEDHEALTH GROUP INVESTMENT THESIS-MANAGEMENT

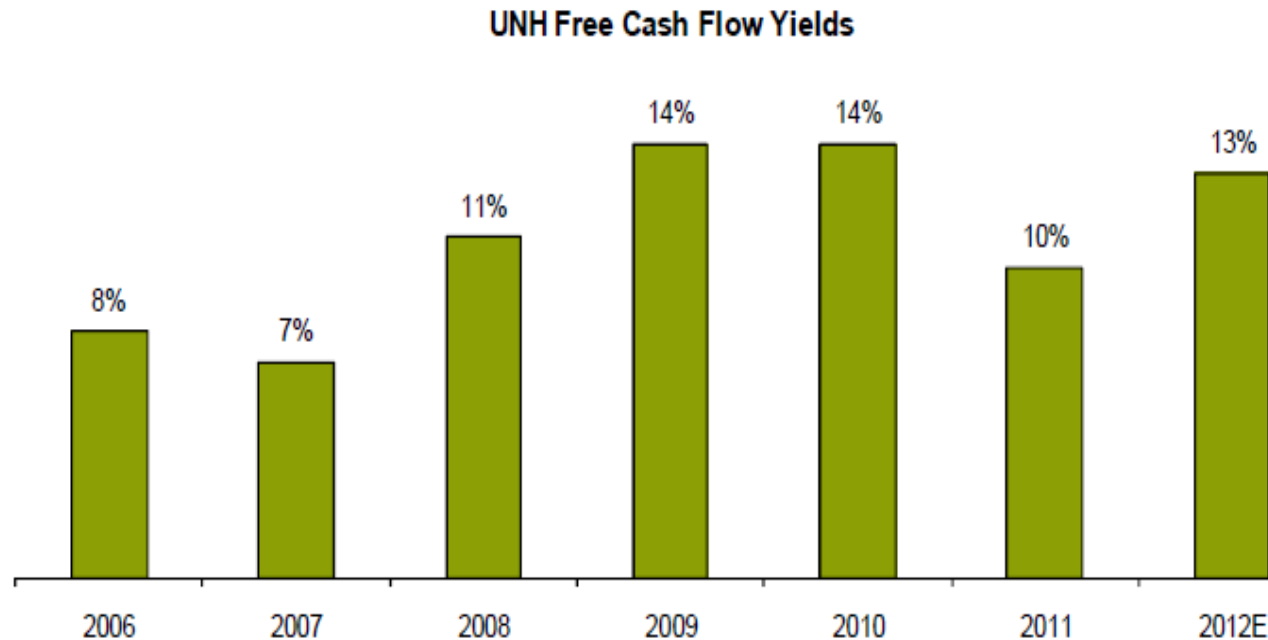
- BEST CORPORATE LEADERSHIP
  - OPERATIONALLY
  - CAPITAL ALLOCATION
  
- MOST INNOVATIVE AND ADAPTABLE COMPANY IN THE HEALTHCARE INDUSTRY
  - HISTORICAL INDUSTRY LEADER
    - PRODUCTS
    - SERVICES
  
- TECHNOLOGY AND DATA DRIVEN CULTURE
  - OPERATIONAL EFFICIENCIES
    - REDUCE COSTS
  - OUTCOMES BASED FUTURE
  
- BEST SUITED TO DEAL WITH KEY INDUSTRY ISSUES
  - ACCESS
  - COST
  - QUALITY

# UNITEDHEALTH GROUP INVESTMENT THESIS-VALUATION

- STOCK PRICE \$52    MARKET CAPITALIZATION \$53B
- SELLING AT LOW MULTIPLE DUE TO
  - UNCERTAINTY OVER HEALTHCARE REFORM
    - RISING COSTS OFFSETTING INCREASE IN CUSTOMERS
    - LOWER REIMBURSEMENTS
- TRADING AT
  - 9.8 X 2012 EPS
  - 9 X 2013 PROJECTED EPS
  - 8.5 X 2013 PROJECTED FCF
- NEXT FEW YEARS
  - REVENUE GROWTH OF 6-9%
  - EPS GROWTH OF 12-14%

# UNITEDHEALTH GROUP INVESTMENT THESIS-VALUATION

FCF Yields Also Point Towards Multiple Expansion



Source: Company Reports; Thomson One Bernstein Estimates & Analysis

## UNITEDHEALTH GROUP INVESTMENT THESIS-VALUATION

- OPTUM
  - DOUBLING PROFITS BY 2015 TO \$2.5B
  - HIGHEST MARGINS
  - LEAST REGULATED
  - ENHANCES VALUATION

**Optum – A High Multiple Services Business That Could Unlock Substantial Shareholder Value of \$10 per Share**

	2013 EBIT (in MM)	Value Based on 2013 Managed Care Multiple (10x) (in MM)	Business Specific Multiple	Value on 2013 Business Specific Multiple (in MM)	Delta (in MM)
Optum Rx	\$757	\$7,573	13x	\$9,846	\$2,272
Optum Insight	\$578	\$5,781	18x	\$10,405	\$4,625
Optum Health	\$682	\$6,822	15x	\$10,233	\$3,411

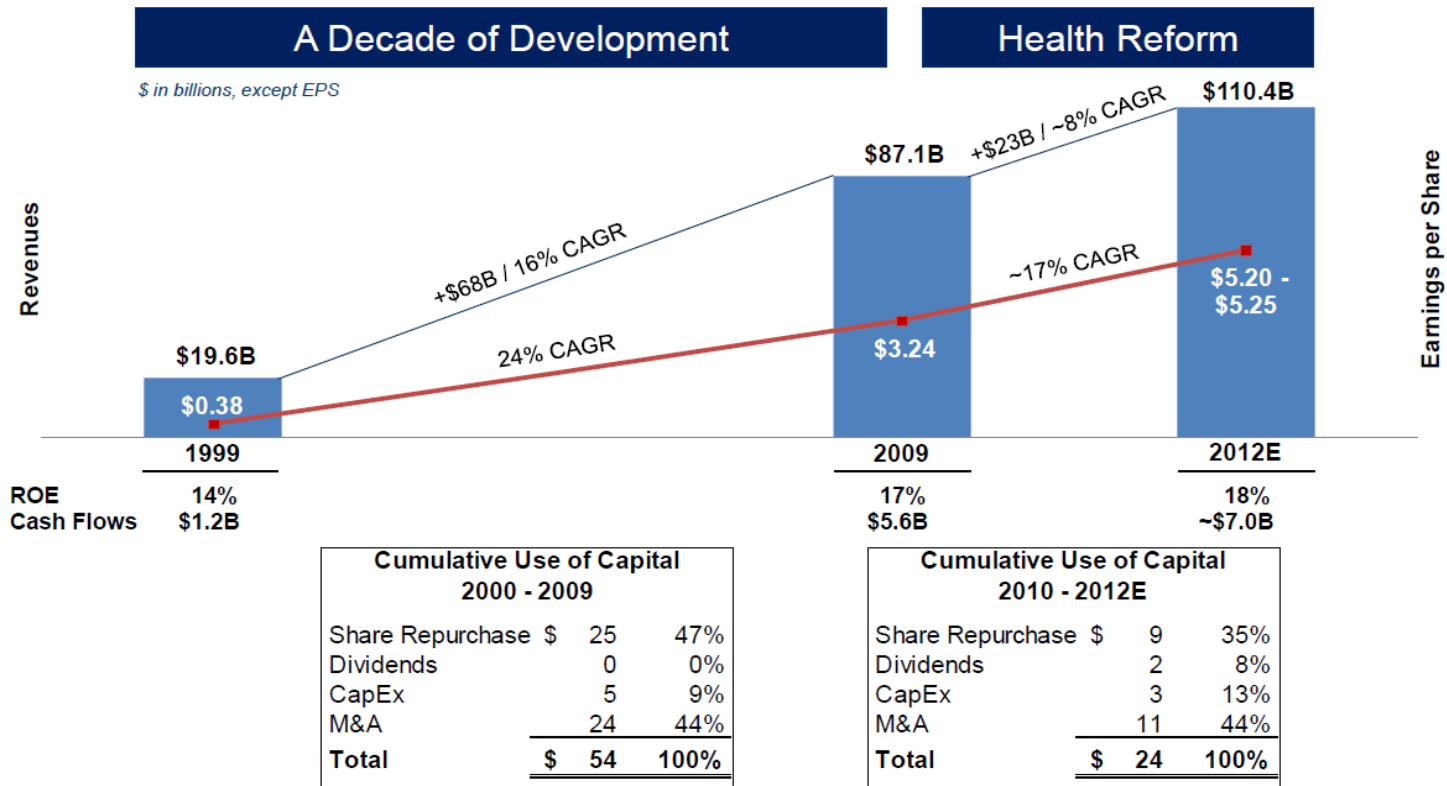
Source: Company Reports; Bernstein Analysis and Estimates



## UNITEDHEALTH GROUP INVESTMENT THESIS

Capital Management  
Strategic Stewards of Capital

UNITEDHEALTH GROUP



## UNITED HEALTH GROUP BACKGROUND

- FOUNDED IN 1977
- PUBLIC IN 1984
- LEADING DIVERSIFIED HEALTHCARE COMPANY
  - SERVING 75 MILLION INDIVIDUALS
  - ESTIMATED 2012 FINANCIALS
    - REVENUES \$110B
    - OPERATING EARNINGS \$9.2B
    - NET EARNINGS \$5.5B
    - MARKET CAPITALIZATION \$54B

## UNITEDHEALTH GROUP COMPETITIVE STRENGTHS

- UNIQUE CORPORATE CULTURE IDENTIFIES HEALTHCARE NEEDS AND BUILDS BUSINESSES AROUND THEM
  - FLEXIBLE AND ADAPTIVE
    - VISIONARY LEADERS
    - OUTSTANDING OPERATORS
- INNOVATIVE CREATORS OF A BROAD ARRAY OF PRODUCTS AND SERVICES
- TECHNOLOGY AND DATA FOCUSED
  - ACCESS
  - COST
  - QUALITY

## **UNITEDHEALTH GROUP COMPETITIVE STRENGTHS**

- **DIVERSIFIED GEOGRAPHICALLY AND BY BUSINESS SEGMENTS WITH LEADING MARKET SHARES**
  - #1 MEDICARE ADVANTAGE
  - #1 MEDICAID
  - #1 MEDICARE SUPPLEMENT
  - #2 COMMERCIAL
- **OPTUM BUSINESSES OFFER ADDITIONAL DIVERSITY, EXCELLENT GROWTH OPPORTUNITIES AND HIGHEST MARGINS**
- **ABILITY TO LEVERAGE COSTS WITH SUPERIOR TECHNOLOGY, INFORMATION AND SCALE**

## UNITEDHEALTH GROUP BUSINESSES

- UNITEDHEALTHCARE (HEALTH BENEFITS)
  - EMPLOYER AND INDIVIDUAL
  - COMMUNITY AND STATE
  - MEDICARE AND RETIREMENT
  - MILITARY AND VETERANS
- OPTUM (HEALTH SERVICES)
  - OPTUMHEALTH
  - OPTUMINSIGHT
  - OPTUMRX

## UNITEDHEALTH GROUP UNITEDHEALTHCARE BUSINESSES

**UnitedHealthcare**  
*A Strong, Adaptable Enterprise*



### Four Businesses Serving Over 40 Million Americans at Every Stage of Life



**26.9 million** individuals  
and over **250,000**  
**employer customers**  
across **all 50 states**.



**9.0 million people**  
served by the **largest**  
**direct-to-consumer**  
platform in the industry.



**3.8 million consumers**,  
including **2.4 million**  
**children**, across  
**25 states and D.C.**



**2.7 million members**  
of the military and their  
dependents in  
**21 western states**.

### Leveraging Enduring Competencies

Experienced leaders with vision – *to drive execution.*

Data and health information – *to inform and guide.*

Large scale technology – *to enable.*

Care resources and expertise – *to deliver better quality, consistency at a lower cost.*

## **UNITEDHEALTHCARE EMPLOYER AND INDIVIDUAL**

- **COMPREHENSIVE OFFERING OF HEALTH BENEFITS AND SERVICES FOR**
  - LARGE NATIONAL EMPLOYERS
  - MID-SIZED EMPLOYERS AND SMALL BUSINESSES
  - PUBLIC SECTOR EMPLOYEES
  - INDIVIDUALS
- **SERVE 27 MILLION AMERICANS THROUGH FULLY INSURED AND SELF-FUNDED PLANS**
- **MARKET SIZE**
  - 172 MILLION PEOPLE
  - \$890 BILLION IN EXPENDITURES

## **UNITEDHEALTHCARE COMMUNITY AND STATE**

- **LARGEST HEALTH BENEFITS PROVIDER TO STATES SERVING**
  - THE ECONOMICALLY DISADVANTAGED
  - MEDICALLY UNDERSERVED
  - INDIVIDUALS LACKING EMPLOYER FUNDED HEALTHCARE
- **OPERATING IN 25 STATES**
  - 3.9 MILLION BENEFICIARIES
- **STATE AND PUBLIC PROGRAMS**
  - COVER MORE THAN 60 MILLION PEOPLE
  - ANNUAL EXPENDITURES EXCEED \$450 BILLION



# UNITEDHEALTHCARE MEDICARE AND RETIREMENT

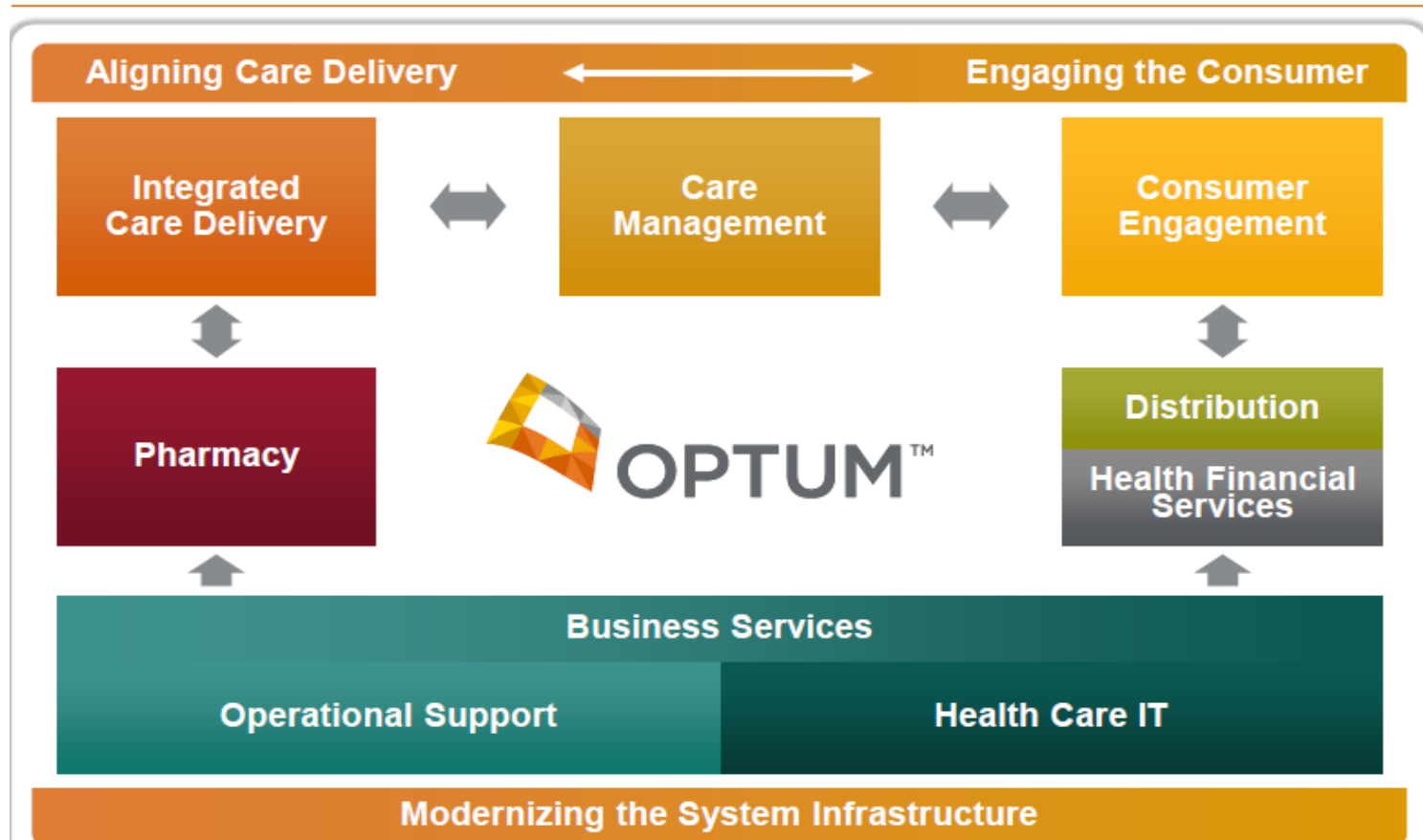
- LARGEST HEALTHCARE PROVIDER SERVING THOSE OVER THE AGE OF 50
  - COVERING OVER 9 MILLION BENEFICIARIES
- MARKET LEADER
  - MEDICARE ADVANTAGE
  - 2.5 MILLION BENEFICIARIES
- LARGEST MEDICARE SUPPLEMENT BUSINESS
  - 3.9 MILLION CUSTOMERS
- LARGEST MEDICARE PART D PROVIDER
  - 4.2 MILLION STAND ALONE CUSTOMERS
- 2013 MEDICARE EXPENDITURES
  - ESTIMATED AT \$600 BILLION
  - 3.3 MILLION BECOME ELIGIBLE ANNUALLY

## **UNITEDHEALTHCARE MILITARY AND VETERANS**

- **SERVING 2.7 MILLION MEMBERS OF THE MILITARY AND THEIR FAMILIES IN 21 WESTERN STATES**
  - **29% MARKET SHARE**

## UNITEDHEALTH GROUP OPTUM

### Optum Market Model



# OPTUM OPTUMHEALTH

- SERVES THE PHYSICAL, EMOTIONAL AND FINANCIAL NEEDS OF 60 MILLION INDIVIDUALS
- SOLUTION PROVIDER
  - REDUCE COSTS FOR CUSTOMERS
  - IMPROVES WORKFORCE PRODUCTIVITY
  - ENHANCES PATIENT HEALTH
- 2012 REVENUES
  - \$8.1 BILLION
  - OPERATING EARNINGS \$550 MILLION

# OPTUM OPTUMINSIGHT

- HEALTH INFORMATION, TECHNOLOGY, SERVICES AND CONSULTING COMPANY
- SERVES A BROAD RANGE OF PROVIDERS INCLUDING
  - PHYSICIANS
  - HOSPITALS
  - INTEGRATED DELIVERY NETWORKS
  - COMMERCIAL HEALTH PLANS
  - GOVERNMENT AGENCIES
  - LIFE SCIENCE COMPANIES
- 2012 REVENUES
  - \$2.9 BILLION
  - OPERATING EARNINGS \$480 MILLION

# OPTUM OPTUMRX

- PHARMACY BENEFIT SERVICES
  - 4 MILLION CUSTOMERS
  - 67,00 RETAIL PHARMACIES
  - 2 MAIL ORDER FACILITIES
- PROCESS OVER 350 MILLION ADJUSTED RETAIL, MAIL AND SPECIALTY DRUG PRESCRIPTIONS
- INTEGRATING THE MEDCO BUSINESS
- 2012 REVENUES
  - \$18.4 BILLION
  - OPERATING EARNINGS \$380 MILLION

## UNITEDHEALTH GROUP OPTUM

### 2013P Outlook and Beyond

<i>(millions)</i>	2011	2012E	2013P Range	<b>5 Long Term Growth Levers</b>
<b>Revenue</b>				
OptumHealth	\$ 6,704	\$ 8,100	\$ 9,400 – \$ 9,600	<ul style="list-style-type: none"> <li>• Pharmacy Benefits Management</li> <li>• Business Services</li> <li>• Integrated Care Delivery</li> <li>• Consumer Relationship Management</li> <li>• Chronic Population Care Management</li> </ul>
OptumInsight	2,671	2,900	3,200 – 3,300	
OptumRx	19,278	18,350	23,400 – 24,100	
<b>TOTAL</b>	<b>\$28,653</b>	<b>\$29,350</b>	<b>\$ 36,000 – \$ 37,000</b>	
<b>Operating Earnings</b>				
OptumHealth	\$ 423	\$ 550	\$ 670 – \$ 700	<b>One Optum: 15 x 15</b> <ul style="list-style-type: none"> <li>• 15% ROIC by 2015</li> <li>• Operating margin over 6%</li> <li>• Doubling of operating earnings over 2011 base</li> </ul>
OptumInsight	381	480	560 – 600	
OptumRx	457	380	695 – 725	
<b>TOTAL</b>	<b>\$ 1,261</b>	<b>\$ 1,410</b>	<b>\$ 1,925 – \$ 2,025</b>	
<b>Operating Margin</b>				
OptumHealth	6.3%	6.8%	7.0% – 7.4%	
OptumInsight	14.3%	16.6%	17.5% – 18.5%	
OptumRx	2.4%	2.1%	2.9% – 3.1%	
<b>TOTAL</b>	<b>4.4%</b>	<b>4.8%</b>	<b>5.2% – 5.6%</b>	

## INDUSTRY MARKET SEGMENTS

Table 2: Product Overview

Description	Commercial Risk	Commercial Non-risk	Medicare Advantage	Medicare - Part D	Managed Medicaid
	Health insurance for groups and individuals	Administrative services for employers with self funded plans	Health insurance for Seniors Federal gov't/Seniors	Prescription drug plans for Seniors Federal gov't/Seniors	Health insurance for poor people; administrative services for state Medicaid programs States/poor people
Customer	Groups and individuals	Employers	Federal gov't/Seniors	Federal gov't/Seniors	States/poor people
Market size (est.)	\$375bn	\$25bn	\$122bn	\$24bn	\$70-90bn
Total enrollment	90mn	80mn	13mn	20mn	29mn
Revenue PMPM (est.)	\$345	\$25	\$900	\$100	\$225
Pre-tax margin (est.)	5-8%	15%	5%	3%	3%
Profit PMPM (est.)	\$17-28	\$4	\$45	\$3	\$7
% of enrollment					
AET	26%	64%	2%	2%	7%
AGP	0%	0%	1%	0%	99%
CNC	2%	0%	0%	0%	98%
CI	74%	14%	3%	9%	0%
CVH	34%	23%	5%	24%	15%
HNT	23%	0%	3%	6%	17%
HUM	14%	12%	17%	23%	6%
MOH	0%	0%	2%	0%	98%
UNH	24%	41%	6%	12%	9%
UAM	0%	0%	31%	0%	0%
WCG	0%	0%	5%	38%	57%
WLP	30%	59%	2%	2%	4%

Source: BofA Merrill Lynch Global Research



# UNITED HEALTHGROUP MARKET SHARES

Figure 4. United's Market Share In Its Chosen Markets

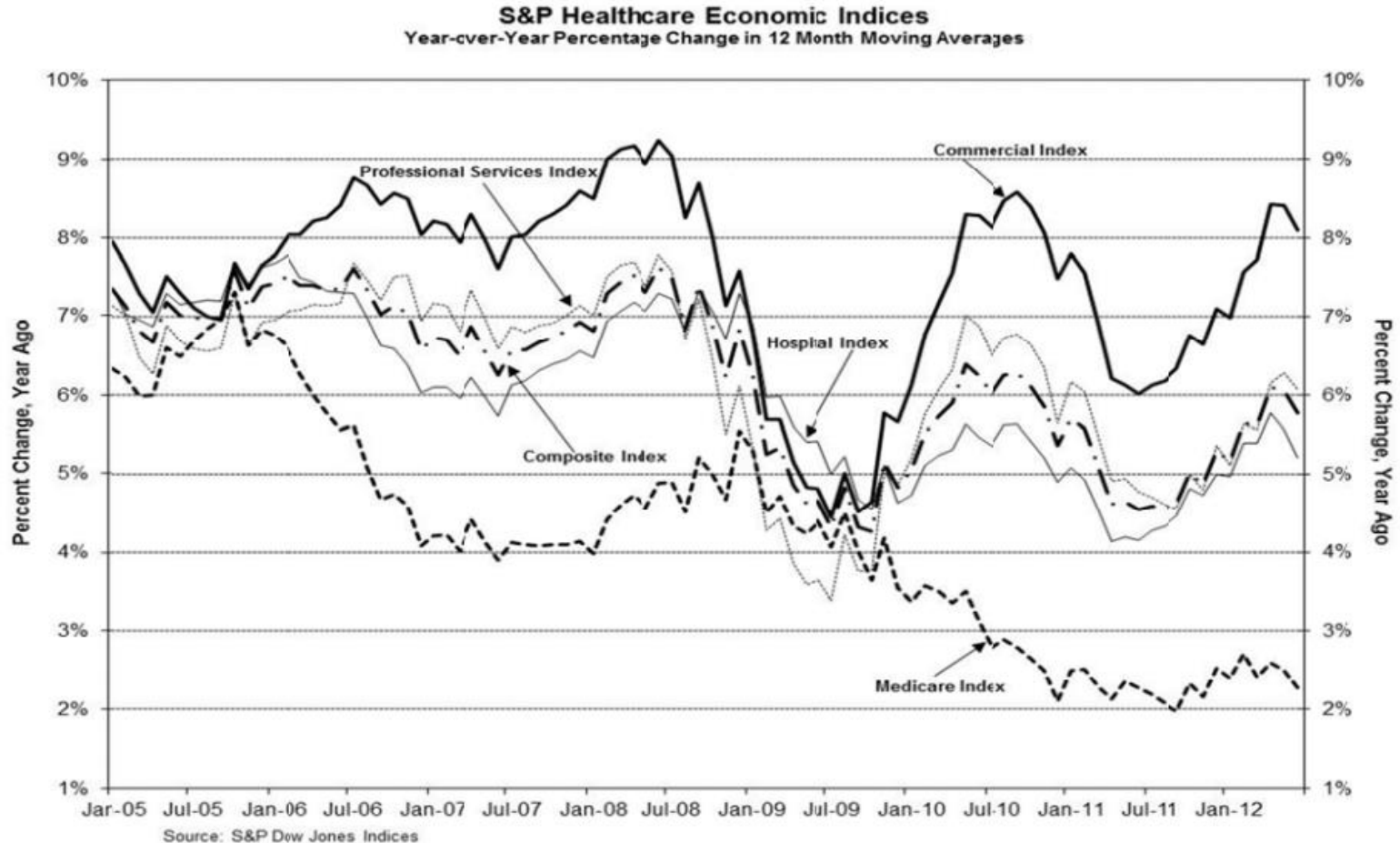
<b>Product</b>	<b>Lives</b>	<b>Total Market</b>	<b>Market Share</b>
Commercial	26.9	168.1	16%
Medicare Advantage	2.8	24.8	25%
Medicare Supp	3.4		
PDP	4.6	20.9	22%
Medicaid	4.1	37.3	11%
TRICARE	2.8	9.7	29%
Brazil	4.6	46.0	10%
<b>Total</b>	<b>49.2</b>	<b>306.8</b>	<b>16%</b>

Source: Company notes and Citi Research

## UNITEDHEALTH GROUP MARKET DYNAMICS

- ACCESS
  - EXPAND COVERAGE TO 40-45 MILLION UNINSURED
  - BROADEN COVERAGES
- COST
  - REDUCE OPERATING COSTS THROUGHOUT SYSTEM
  - INTEGRATED DELIVERY NETWORKS
- QUALITY
  - PATIENT OUTCOMES DRIVEN PAYMENT MODEL
  - IMPROVE PATIENT HEALTHCARE
    - REDUCE COSTS

# UNITEDHEALTH GROUP MARKET DYNAMICS



# UNITEDHEALTH GROUP MARKET DYNAMICS

- INDUSTRY CONSOLIDATION OF PROVIDERS
  - HOSPITALS
  - PHYSICIANS
  - PAYORS
- INTEGRATED DELIVERY NETWORK MODEL
  - DRIVE SCALE
  - CREATE EFFICIENCIES
  - IMPROVE PRODUCTIVITY

## UNITEDHEALTH GROUP HEALTHCARE REFORM

### Opportunities Emerging from Shifting Landscape



#### Historic Shift in Population



**77 MILLION**  
BOOMERS AGING  
INTO MEDICARE

#### INCREASE IN CHRONIC CONDITIONS



**27.5%** OF THE U.S.  
POPULATION IS OBESE



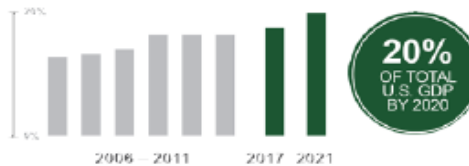
**8.7%** OF THE U.S.  
POPULATION  
HAS DIABETES



**11.8%** OF AMERICANS  
DIAGNOSED WITH  
HEART DISEASE

#### Changing Economics

NATIONAL HEALTH EXPENDITURE  
AS PERCENTAGE OF GDP

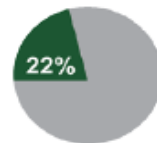


MEDICARE HOSPITAL  
INSURANCE TRUST FUND



**FORECAST TO BE EXHAUSTED  
BY 2024 AT CURRENT PACE**

MEDICAID BUDGET PRESSURE



22% OF STATE  
GENERAL FUND  
**LARGEST AND FASTEST  
GROWING EXPENSE  
IN MOST STATES**

#### Role of Consumer

RISING CONSUMER SHARE  
OF HEALTH RELATED COST

PER CAPITA  
OUT OF POCKET  
SPENDING WILL  
**INCREASE  
BY 46%**  
OVER THE NEXT DECADE



NEED FOR CONSUMER  
ENABLED TOOLS



HEALTH CARE  
NAVIGATION

TRANSPARENCY  
TOOLS

CONSUMER DECISION  
SUPPORT

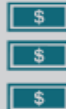
## UNITEDHEALTH GROUP HEALTHCARE REFORM



### Health Reform – Catalyst for Change

#### Market Expansion

**25 MILLION** PURCHASING ON EXCHANGE



**10-17 MILLION** NEWLY ELIGIBLE ON MEDICAID

**10,000 AGE INTO** MEDICARE EVERY DAY



**\$300 BILLION** DUAL ELIGIBLE MARKET

#### Funding Sources

TAXES & FEES (OVER A DECADE)



INSURER  
\$102 BILLION



EMPLOYER/INDIVIDUAL PENALTIES  
\$161 BILLION



PHARMA  
\$34 BILLION



'CADILLAC' TAX  
\$111 BILLION



MEDICAL DEVICE  
\$29 BILLION



OTHER CONSUMER TAXES  
\$318 BILLION

MEDICARE REIMBURSEMENT REDUCTIONS (OVER A DECADE)

**\$415 BILLION** MEDICARE FFS

**\$156 BILLION** MEDICARE ADVANTAGE

**\$170 BILLION** OTHER MEDICARE/MEDICAID

#### Market Reforms

PLATINUM HEALTH STATUS  
DEDUCTIBLE BRONZE GOLD LIMITS

GUARANTEED ISSUE  
RATING RULES PREVENTATIVE COVERAGE

**COMMUNITY RATING**

SILVER *LIFETIME LIMITS*

MINIMUM LOSS RATIO

**ESSENTIAL HEALTH BENEFITS**  
COVERAGE REQUIREMENTS

#### UnitedHealthcare



**42%** OF OUR SMALL GROUP MEMBERS COMMUNITY RATED

VALUE-BASED PORTFOLIO DESIGNS

**15% ANNUAL GROWTH** OVER LAST THREE YEARS IN OUR PORTFOLIO

## UNITEDHEALTH GROUP HEALTHCARE REFORM

**UnitedHealthcare**  
*A Strong, Adaptable Enterprise*



### Four Businesses Serving Over 40 Million Americans at Every Stage of Life



**26.9 million** individuals  
and over **250,000**  
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Experienced leaders with vision – *to drive execution.*

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# UNITEDHEALTH GROUP HEALTHCARE REFORM

## 2010

- Small employer tax credit for providing insurance
- Expanded dependent coverage until age 26 (4Q10)
- Restricted annual limits on coverage and eliminated lifetime limits (4Q10)
- Guaranteed issue for children (4Q10)
- Eliminated out of pocket expenses for preventative care (4Q10)

## 2011

- Minimum medical loss ratio (1/1/11)
- Review of “unreasonable” rates (mid 2011)



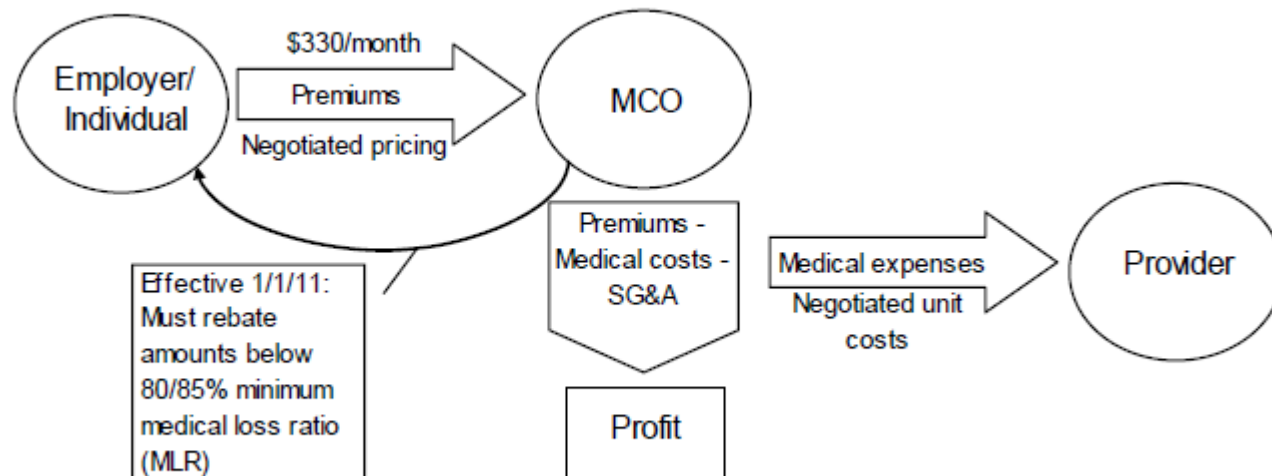
# UNITEDHEALTH GROUP HEALTHCARE REFORM

## 2014

- Health insurance exchanges
- Subsidies for low income individuals to purchase insurance on exchanges
- Individual mandate
- Employer mandate
- Enhanced small employer tax credit (for two years)
- Insurance underwriting changes (guaranteed issue, community rating, no pre-existing condition exclusions, no annual limits on coverage, plan standardization)
- Annual industry fee begins

## UNITEDHEALTH GROUP HEALTHCARE REFORM

Chart 1: Commercial Risk – Business Model



Source: BofA Merrill Lynch Global Research

# UNITEDHEALTH GROUP HEALTHCARE REFORM

- MEDICARE

## 2011

- Medicare Advantage rates frozen at 2010 levels
- Medicare Advantage selling season shortened beginning with selling for plan year 2011

## 2012

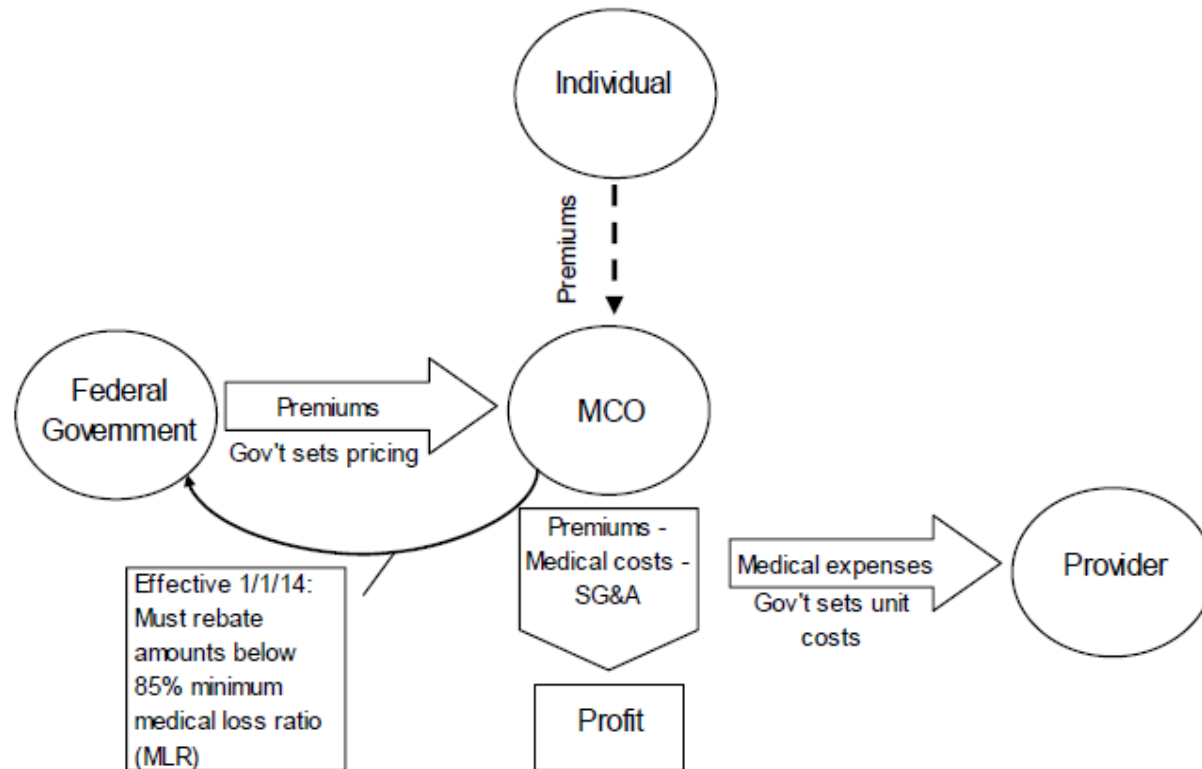
- Medicare Advantage rates reduced to FFS levels over a six year period beginning in 2012
- Bonus payments for higher quality plans begin (per CMS demonstration program)

## 2014

- Minimum medical loss ratio
- Mandatory coding adjustments
- Annual industry fee begins

## UNITEDHEALTH GROUP HEALTHCARE REFORM

Chart 21: Medicare Advantage – Business Model



Source: BofA Merrill Lynch Global Research

# UNITEDHEALTH GROUP HEALTHCARE REFORM

## MEDICAID

### 2010

- Requires states to maintain current income eligibility levels for children until 2019
- Drug rebates extended to managed care
- State option to provide coverage to childless adults

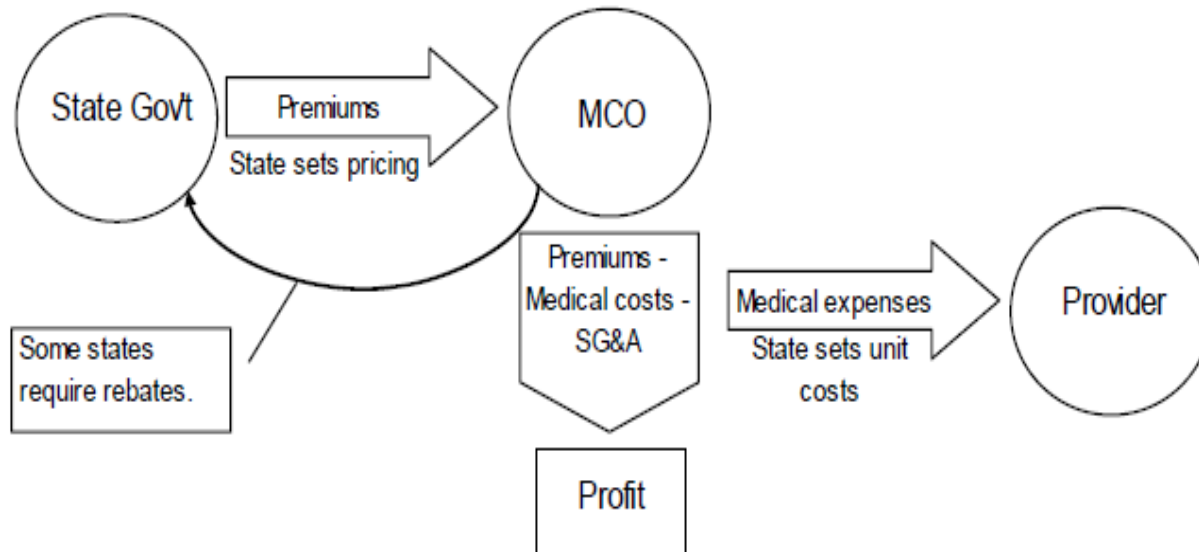
### 2014

- Begins coverage expansion to an estimated 16 million low income individuals
- Annual industry fee begins

## UNITEDHEALTH GROUP HEALTHCARE REFORM

- MEDICAID

Chart 37: Medicaid Managed Care - Business Model



Source: BofA Merrill Lynch Global Research

## UNITEDHEALTH GROUP HEALTHCARE REFORM

### Harnessing Post-Reform Opportunities



#### The New Exchange Marketplace

- Pacing and initial level of participation unclear – ultimately, **stable new market**.
- Generally lower margin expectations with transition rules aimed at **stability**.
- **Well prepared** to participate in targeted markets.

#### Changing the Payment Dynamic

- **More arrangements** with more care providers, covering more consumers than other competitors.
- Important for all market segments, **vital to Medicare** (already >33% of network spend).

#### State Expansions: Complex Populations and Duals

- **Complex populations** moving to managed care, including \$300+ billion duals market.
- Leverages **deep clinical expertise**, strong coordination with social support services.
- **Growth opportunity** – high per enrollee revenue, dollar margin contribution.

#### Capitalizing on Market Changes

- Most individuals and small businesses will require **new plan designs** in 2014.
- Small business community-rating **opens up historically concentrated markets**.
- Advancing modern product portfolio – **creating affordable options**.

**UNITEDHEALTH GROUP**

Balance Sheet  
Overview

UNITEDHEALTH GROUP

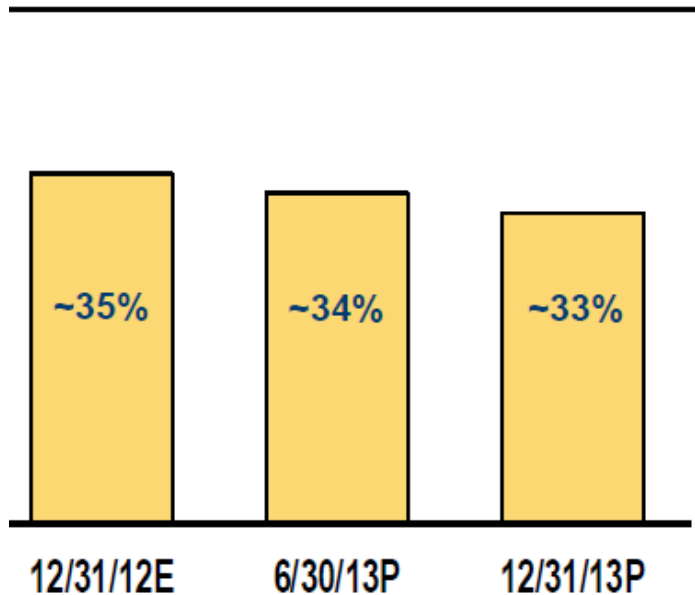
	2012E	2013P
Shareholders' Equity	~\$31 billion	~\$34 billion
Debt to Total Capital	~35%	~33%
Debt Rating - S&P	A	A
Cash and Investments	~\$29 billion	~\$32 billion
Non-regulated Cash	~\$1 billion	~\$1 billion



## UNITEDHEALTH GROUP

### Balance Sheet Coverage Metrics

#### Debt / Total Capitalization



#### Debt Structure Composition

Carry Value, \$ in billions at 12/31	2012E	2013P
	<b>Commercial Paper/Current Maturities</b>	\$2.7
<b>Long-Term Debt (less current maturities)</b>	14.2	15.1
<b>Total</b>	<b>\$16.9</b>	<b>\$17.0</b>

**UNITEDHEALTH GROUP****Key Coverage Metrics**

	<u>2012E</u>	<u>2013P</u>
<b>EBITDA Interest Coverage <sup>(1)</sup></b>	~17x	~14x
<b>Debt / Cash Flows from Operations</b>	2.4	~2.3

## UNITEDHEALTH GROUP

### 2012 Estimate Summary Comparison

### UNITEDHEALTH GROUP

*\$ in billions, except EPS; shares in millions*

	2011	2012E
<b>Revenue</b>	\$ 101.9	\$ 110.4
<b>Operating Earnings</b>	\$ 8.5	\$ 9.2
<b>Net Earnings</b>	\$ 5.1	\$ 5.5
<b>Operating Cash Flows</b>	\$ 7.0	\$ ~7.0
<b>Operating Margin</b>	8.3%	8.3%
<b>Medical Care Ratio - Consolidated</b>	80.8%	~80.5%
<b>Operating Cost Ratio</b>	15.3%	~15.7%
<b>Dividends Paid</b>	\$ 0.7	\$ 0.8
<b>Share Repurchase</b>	\$ 3.0	\$ 3.1
<b>Weighted-Average Fully Diluted Common Shares Outstanding</b>	1,087	1,047
<b>Earnings per Share</b>	\$ 4.73	\$ 5.20 - 5.25

## UNITEDHEALTH GROUP

### Data Elements

#### 2013 OUTLOOK

(\$ and weighted-average shares in millions, except per share data)

Business	Revenue Ranges	Earnings From Operations	Operating Margin Range
UnitedHealthcare Employer & Individual	\$45,700 – \$ 46,200		
UnitedHealthcare Medicare & Retirement	43,700 – 44,400		
UnitedHealthcare Community & State	17,800 – 18,300		
UnitedHealthcare International/Amil	5,900 – 6,100		
UnitedHealthcare	<i>Range of</i> \$113,500 – \$114,500	\$7,325 – \$7,725	6.4% – 6.8%
OptumHealth	9,400 – 9,600	670 – 700	7.0% – 7.4%
OptumInsight	3,200 – 3,300	560 – 600	17.5% – 18.5%
OptumRx	23,400 – 24,100	695 – 725	2.9% – 3.1%
Combined Optum	\$36,000 – \$ 37,000	\$1,925 – \$2,025	5.2% – 5.6%
Eliminations	(26,500) – (27,500)	—	—
	<i>Range of</i> \$123,000 – \$124,000	\$9,250 – \$9,750	7.5% – 7.9%

## UNITEDHEALTH GROUP

<b>Consolidated UnitedHealth Group</b>	<b>2013 Targets</b>
UnitedHealth Group Medical Care Ratio	81.0% ± 50 bps
Operating Cost Ratio	15.9% ± 30 bps
Depreciation and Amortization	\$ 1,475 – \$1,500
Investment and Other Income	\$ 700 – \$ 750
Interest Expense	\$ 750 – \$ 800
Tax Rate	36.5% – 37.0%
Net Margin	4.3% – 4.6%
Diluted Weighted-Average Shares	1,020 – 1,035
Diluted Net Earnings Per Common Share	\$ 5.25 – \$ 5.50
Cash Flows from Operations	\$7,200 – \$7,600
Dividends Paid	\$ 840 – \$ 865
Share Repurchase	\$2,500 – \$3,000
Capital Expenditures	\$ 1,250 – \$1,350
Organic Membership:	
Employer & Individual:	
Risk-Based	(300,000) – (400,000) individuals
Fee-Based Growth <sup>(a)</sup>	3,000,000 – 3,200,000 individuals
Medicare Advantage Growth	250,000 – 300,000 individuals
Standardized Medicare Supplement Growth	175,000 – 200,000 individuals
Part D Stand-Alone Growth	350,000 – 450,000 individuals
Medicaid Growth	225,000 – 300,000 individuals
International/Amil Growth	200,000 – 250,000 individuals

## UNITEDHEALTH GROUP

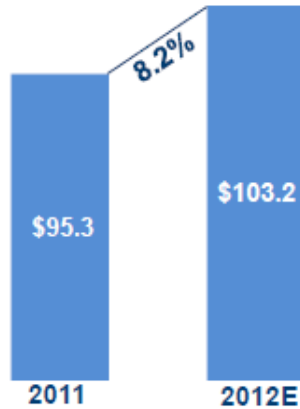
2012 Estimate

Revenue and Operating Earnings by Platform

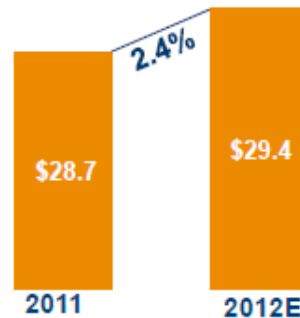
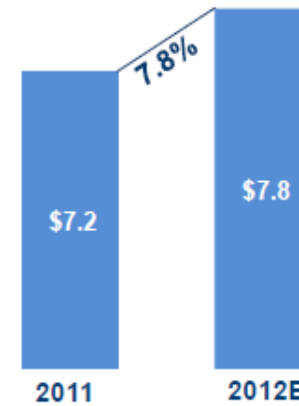
UNITEDHEALTH GROUP

*\$ in billions*

### Revenues



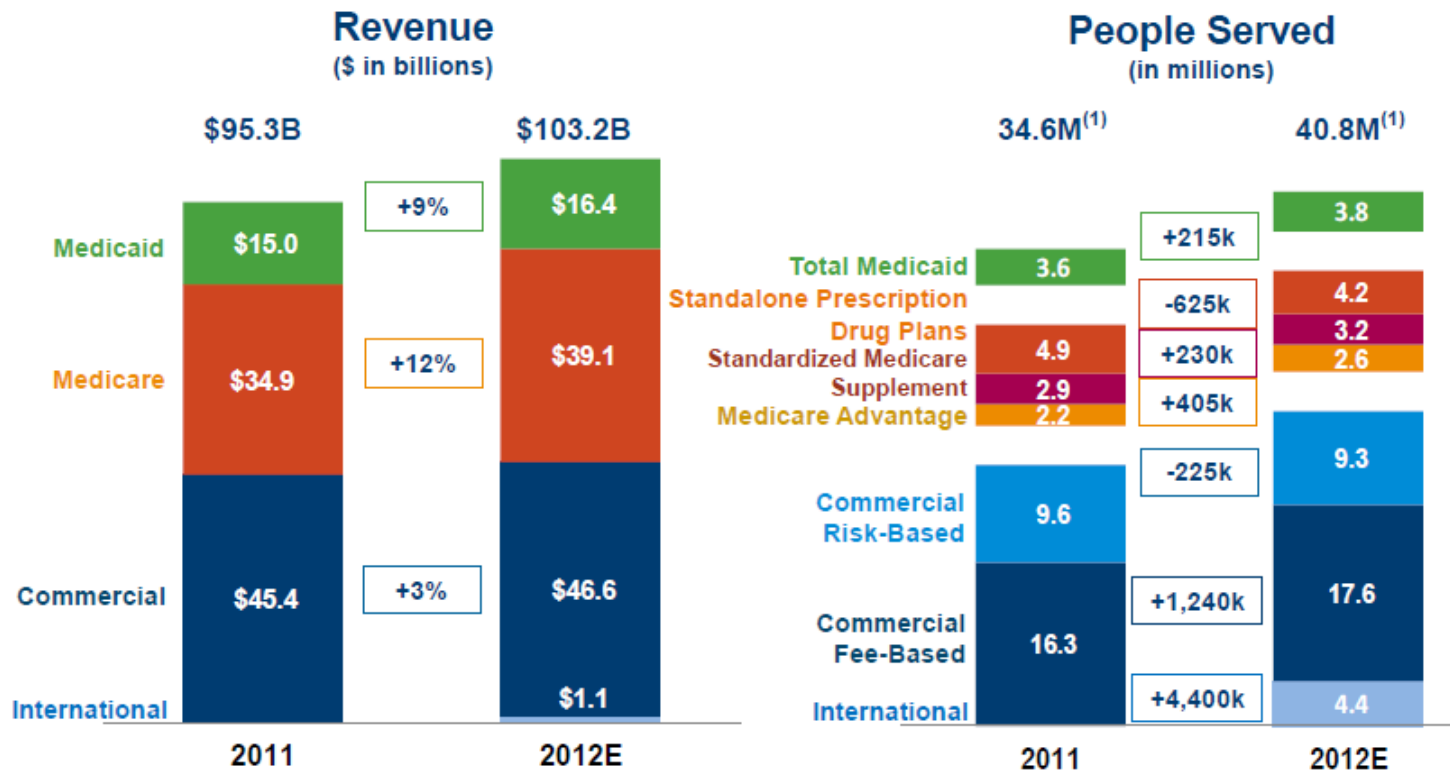
### Operating Earnings



## UNITEDHEALTH GROUP

2012 Estimate – UnitedHealthcare  
Revenue & Membership Growth

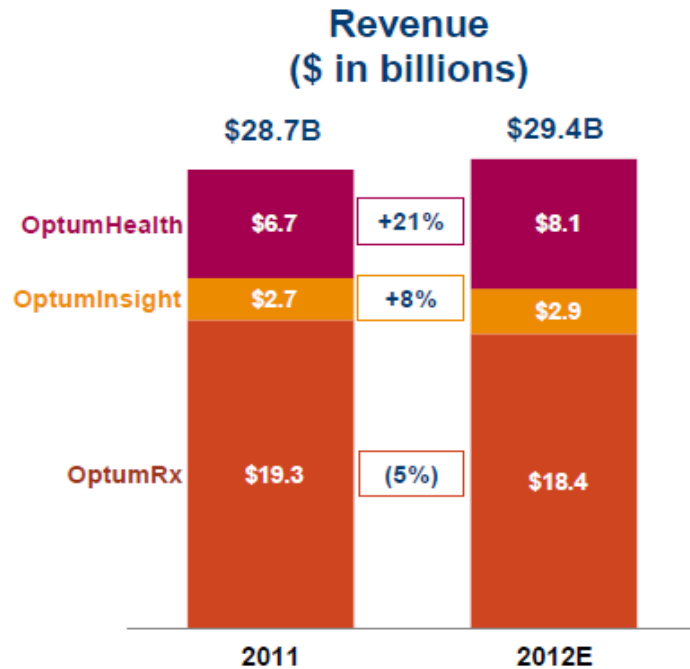
UNITEDHEALTH GROUP



## UNITEDHEALTH GROUP

2012 Estimate – Optum  
Higher Growth, Higher Margin Business

UNITEDHEALTH GROUP



	2012E	Revenue	Earnings from Operations	Margin Percentage
OPTUMHealth™		\$8.1B	\$550M	6.8%
OPTUMInsight™		\$2.9B	\$480M	16.6%
OPTUMRx™		\$18.4B	\$380M	2.1%

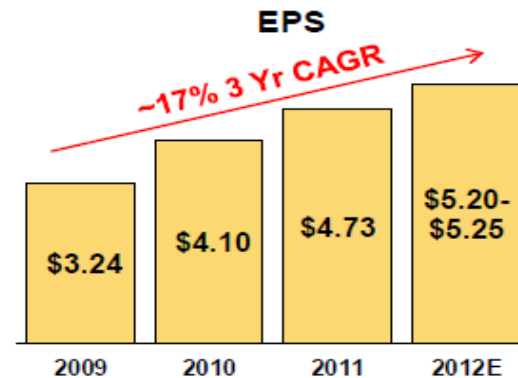
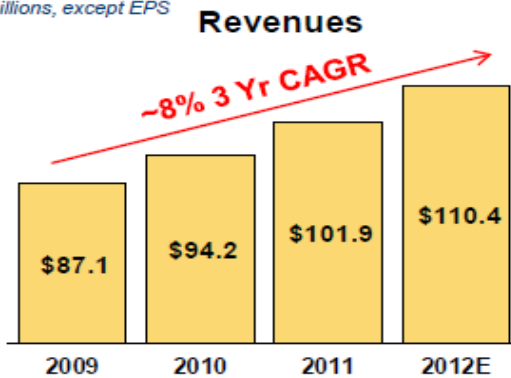


## UNITEDHEALTH GROUP 2009-2012 FINANCIALS

2012 Estimate  
A Four Year Look

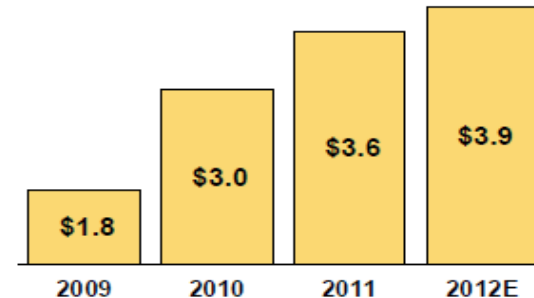
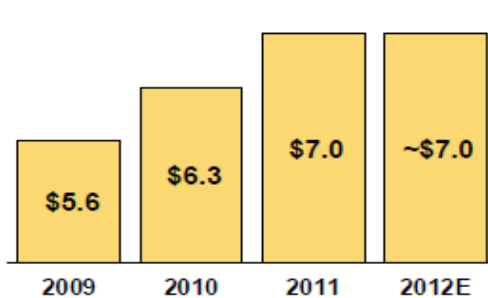
UNITEDHEALTH GROUP

\$ in billions, except EPS



**\$26B in Operating Cash Flows Generated**

**\$12B in Capital Returned to Shareholders**

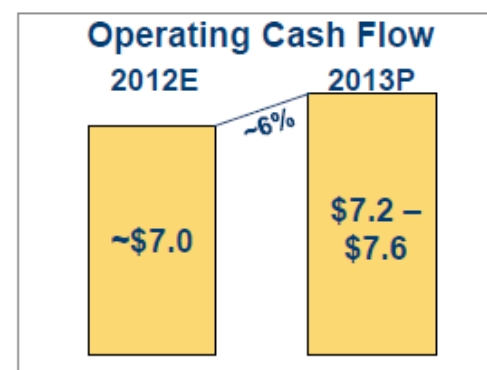
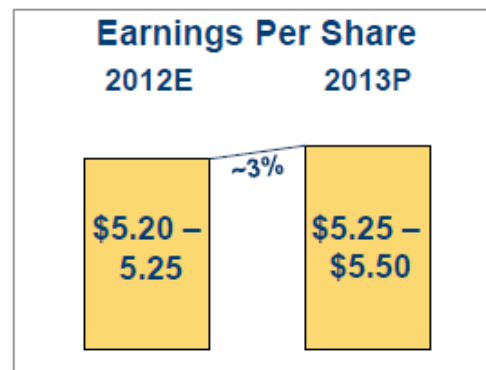
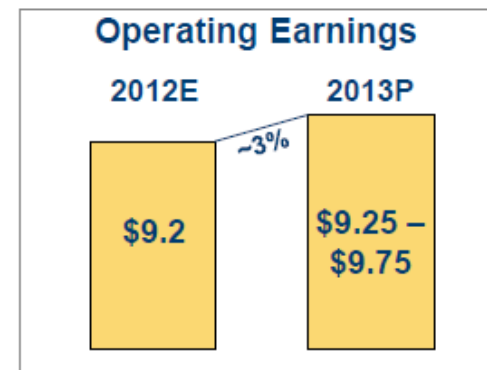
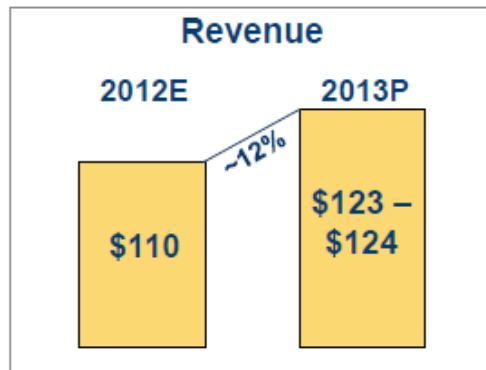


## UNITEDHEALTH GROUP

### 2013 Outlook Overview

UNITEDHEALTH GROUP

*\$ in billions, except EPS*



## UNITEDHEALTH GROUP

### 2013 Outlook Enrollment Summary

UNITEDHEALTH GROUP

*Enrollment in thousands*

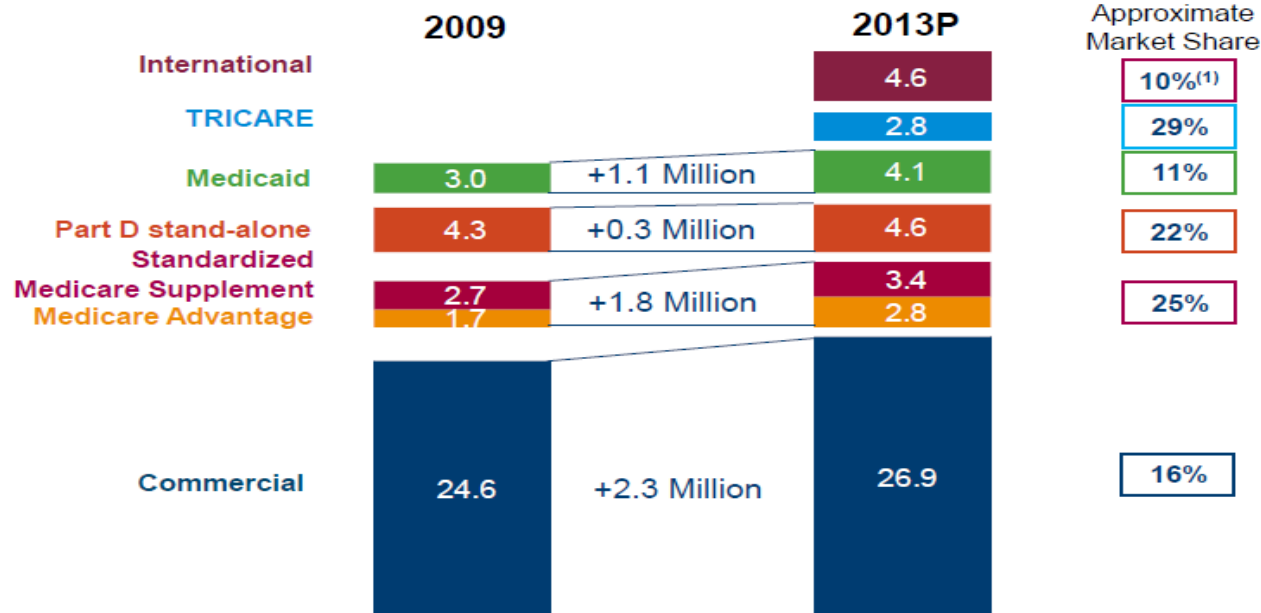
	<u>Organic Growth</u> 2013P	<u>Enrollment</u> 2013P
<b>Commercial Risk</b>	(400) - (300)	8,925 - 9,025
<b>Commercial Fee, including TRICARE</b>	3,000 - 3,200	20,560 - 20,760
<b>Total Commercial Benefits</b>	<u>2,600 - 2,900</u>	<u>29,485 - 29,785</u>
<b>Medicare Advantage</b>	250 - 300	2,820 - 2,870
<b>Standardized Medicare Supplement</b>	175 - 200	3,340 - 3,365
<b>Medicaid</b>	225 - 300	4,040 - 4,115
<b>Total Public and Senior</b>	<u>650 - 800</u>	<u>10,200 - 10,350</u>
<b>International/Amil</b>	<u>200 - 250</u>	<u>4,600 - 4,650</u>
<b>Total UnitedHealthcare - Medical</b>	<u>3,450 - 3,950</u>	<u>44,285 - 44,785</u>
<b>Stand-alone Part D Prescription Drug Plans</b>	<u>350 - 450</u>	<u>4,580 - 4,680</u>

## UNITEDHEALTH GROUP 2009-2013 ENROLLMENT & MARKET SHARE

Building Superior Strategic  
and Diverse Market Positions

UNITEDHEALTH GROUP

*Enrollment in millions*



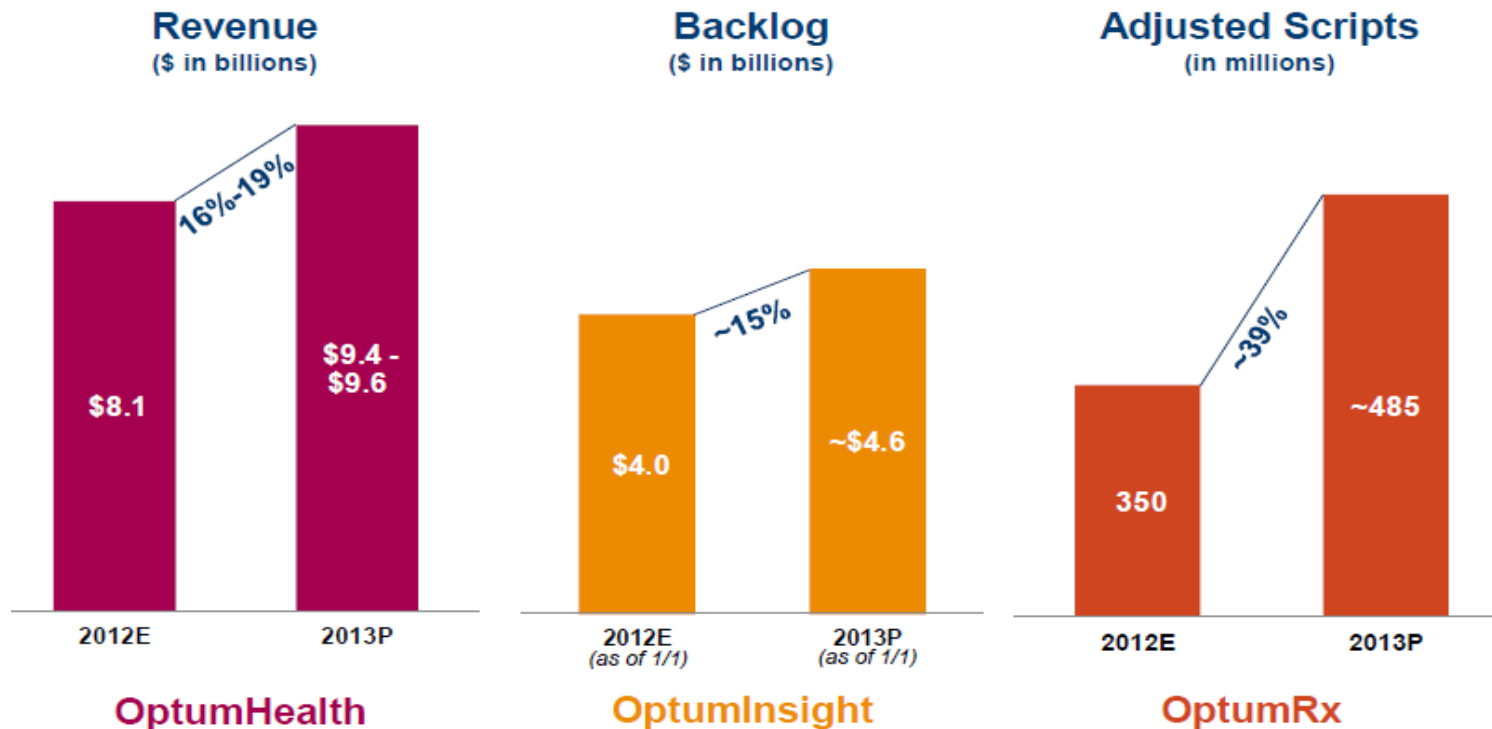
(1) Based on Brazilian market data

We will have added ~13 million members in 4 years and maintain leading market positions in nearly every market we serve

## UNITEDHEALTH GROUP

2013 Outlook  
Optum Growth

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Total Optum revenue growth approaching 25%

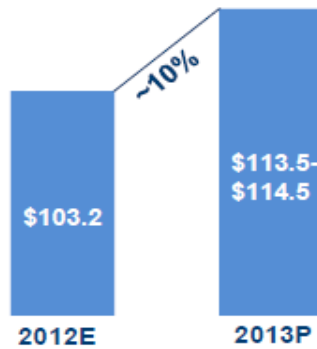
## UNITEDHEALTH GROUP

### 2013 Outlook Revenue and Operating Earnings by Platform

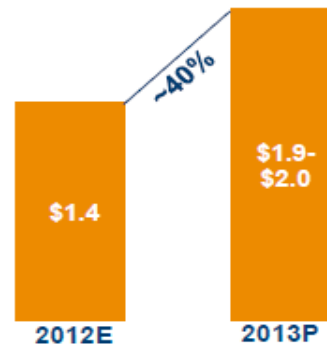
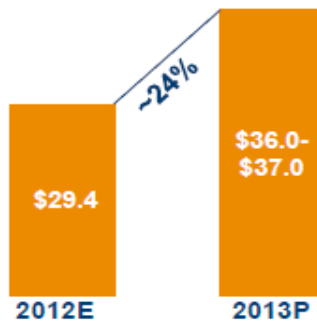
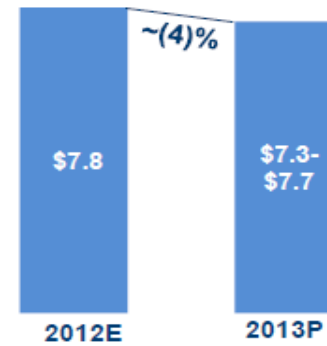
UNITEDHEALTH GROUP

\$ in billions

#### Revenues



#### Operating Earnings



## UNITEDHEALTH GROUP

2013 Outlook  
Operating Cash Flows

UNITEDHEALTH GROUP

*\$ in billions*

	<u>2012E</u>	<u>2013P</u>
<b>Net Earnings</b>	\$ 5.5	\$ 5.4 - 5.7
<b>Noncash Items</b>	~1.7	~1.8
<b>Net Change in Working Capital</b>	~(0.2)	~0.0
<b>Operating Cash Flows</b>	<u>\$ ~7.0</u>	<u>\$ 7.2 - 7.6</u>
<b>Operating Cash Flows/Net Income</b>	~1.3x	~1.3x

## UNITEDHEALTH GROUP

Figure 8. United's Historical Quarterly Favorable Development (\$ in millions)

	<b>Favorable Prior Period Development</b>		
	Related to Prior Year	Related to Prior Quarters	Total
2004	\$210	\$130	\$340
2005	\$400	\$140	\$540
2006	\$430	\$70	\$500
2007	\$420	\$90	\$510
2008	\$230	\$270	\$500
2009	\$310	\$390	\$700
1Q10	\$490	--	\$490
2Q10	\$90	\$180	\$270
3Q10	\$80	\$150	\$230
4Q10	\$140	\$200	\$340
<b>2010</b>	<b>\$800</b>	<b>\$530</b>	<b>\$1,330</b>
1Q11	\$440	--	\$440
2Q11	\$120	\$60	\$180
3Q11	\$90	\$110	\$200
4Q11	\$70	\$240	\$310
<b>2011</b>	<b>\$720</b>	<b>\$410</b>	<b>\$1,130</b>
1Q12	\$530	--	\$530
2Q12	\$90	\$120	\$210
3Q12	\$170	\$220	\$390
4Q12			\$0
<b>2012</b>	<b>\$790</b>	<b>\$340</b>	<b>\$1,130</b>

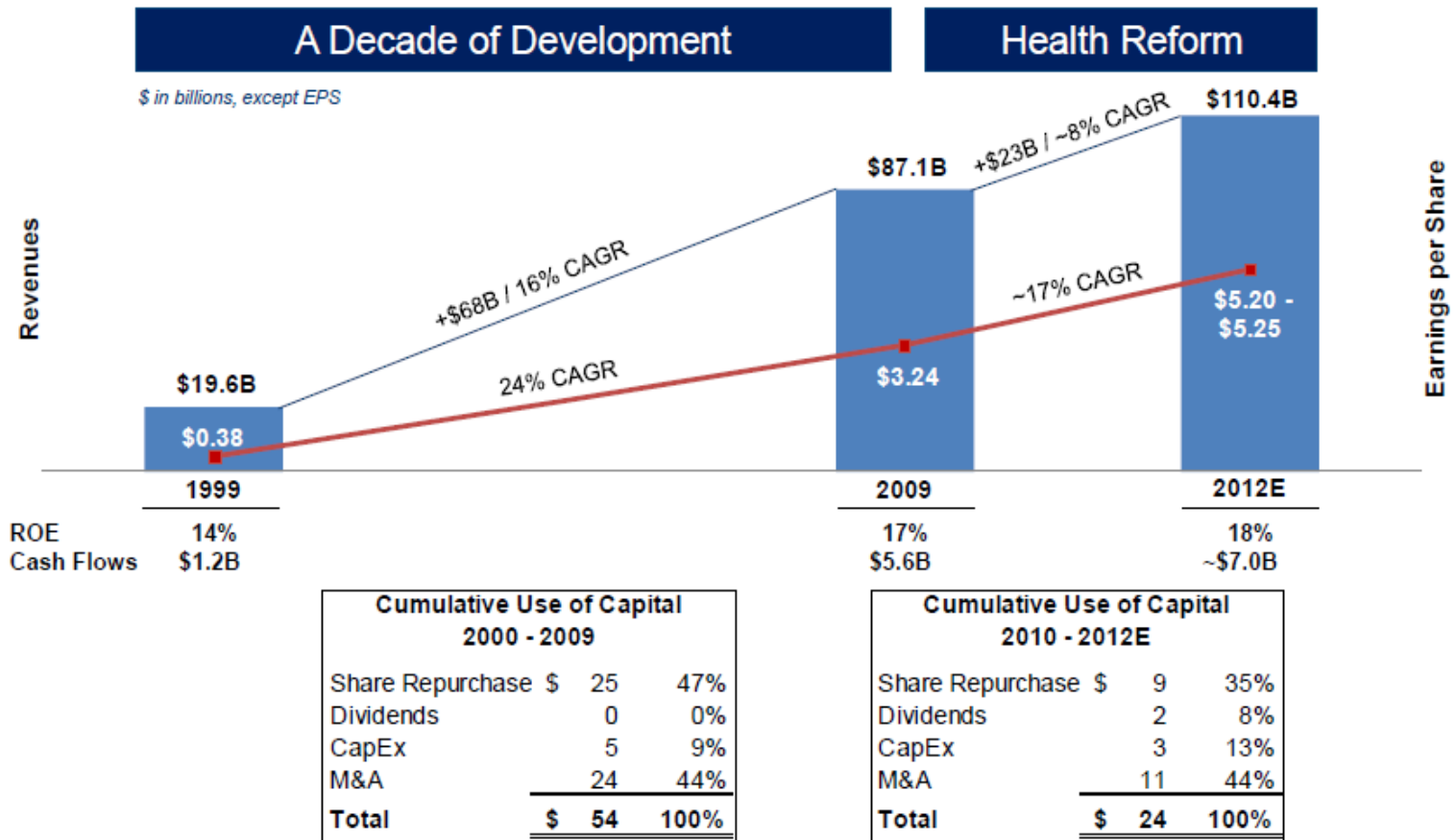
Source: Company Data, Citi Research



## UNITEDHEALTH GROUP

Capital Management  
Strategic Stewards of Capital

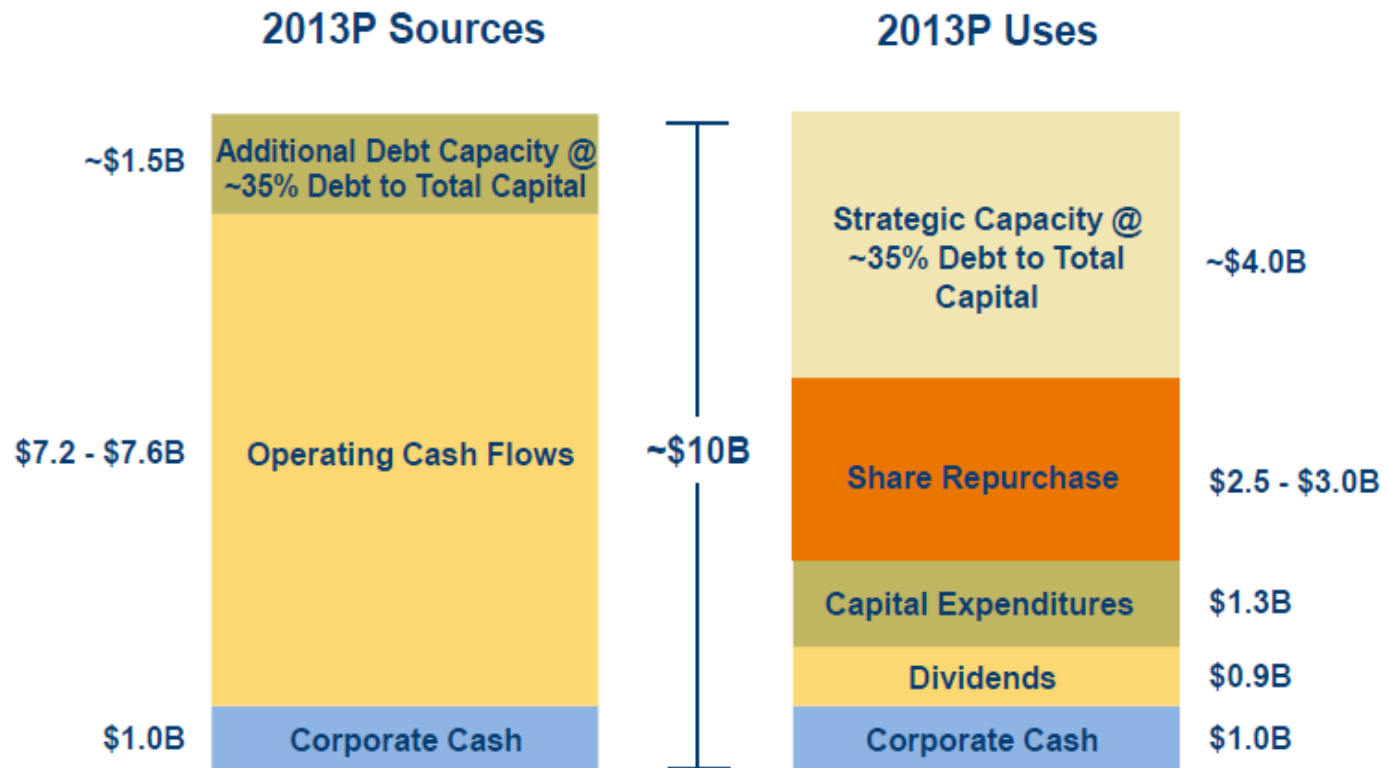
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## UNITEDHEALTH GROUP

Capital Management  
Capital Sources and Uses

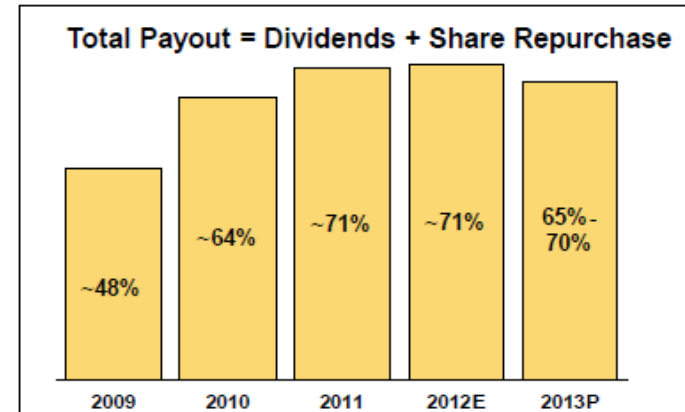
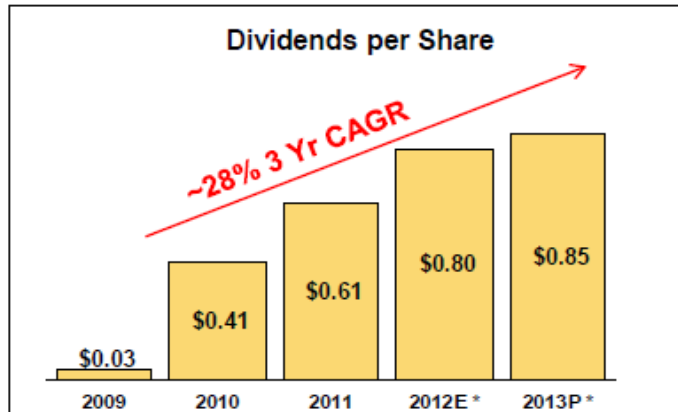
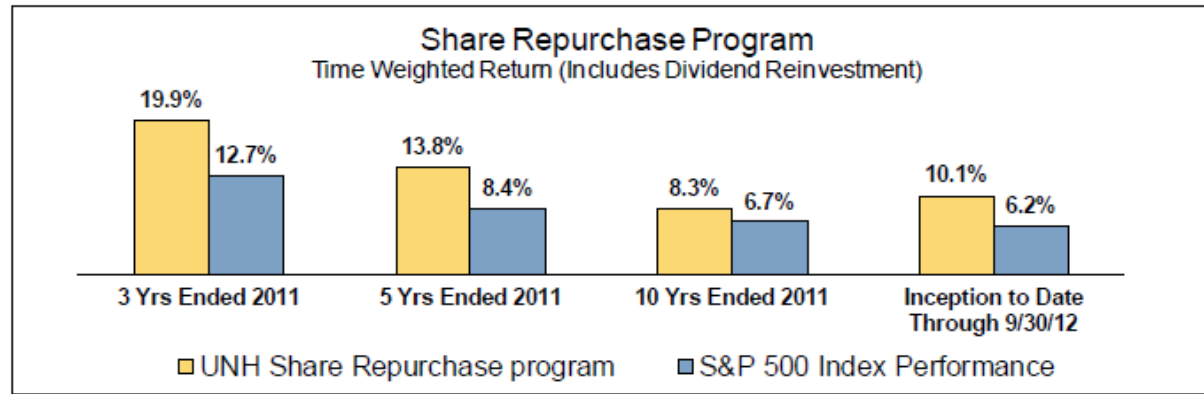
UNITEDHEALTH GROUP



## UNITEDHEALTH GROUP

Capital Management  
Return to Shareholders

UNITEDHEALTH GROUP



\*Based on last Board approved quarterly dividend of \$0.2125 per share

Total payout of ~70% of projected earnings

## UNITEDHEALTH GROUP AMIL ACQUISITION

Amil – Brazilian Managed Care  
Market Growth Opportunity

UNITEDHEALTH GROUP

	United States	Brazil
Population	314 million	200 million
<i>Growth Rate</i>		1.1%
People in Managed Care	244 million	49 million
<i>Growth Rate</i>		5.0%
Managed Care Penetration	78%	25%
GDP per Capita (US\$) - 2011	\$48,442	\$12,594
<i>Growth Rate</i>		14.9%
Health Care Spend per Capita (US\$) - 2010	\$8,362	\$990
<i>Growth Rate</i>		20.7%
Health Care Spend Percent of GDP	18%	9%
Number of Health Plans	434	1,600+

## UNITEDHEALTH GROUP

### 2013P Key Financial Metrics Key Data Elements

### UNITEDHEALTH GROUP

*\$ in billions, except EPS; shares in millions*

	2012E	2013P
<b>Revenue</b>	\$ 110.4	\$ 123 - 124
<b>Operating Earnings</b>	\$ 9.2	\$ 9.25 - 9.75
<b>Net Earnings</b>	\$ 5.5	\$ 5.4 - 5.7
<b>Operating Cash Flows</b>	\$ ~7.0	\$ 7.2 - 7.6
<b>Operating Margin</b>	8.3%	7.5% - 7.9%
<b>Medical Care Ratio - Consolidated</b>	~80.5%	81.0% +/- 50 bps
<b>Operating Cost Ratio</b>	~15.7%	15.9% +/- 30 bps
<b>Dividends Paid</b>	\$ 0.8	\$ 0.9
<b>Share Repurchase</b>	\$ 3.1	\$ 2.5 - 3.0
<b>Capital Spending</b>	\$ 1.1	\$ 1.3 - 1.4
<b>Weighted-Average Fully Diluted Common Shares Outstanding</b>	1,047	1,020 - 1,035
<b>Earnings per Share</b>	\$ 5.20 - 5.25	\$ 5.25 - 5.50

# LOUNTZIS ASSET MANAGEMENT, LLC

## UNITEDHEALTH GROUP

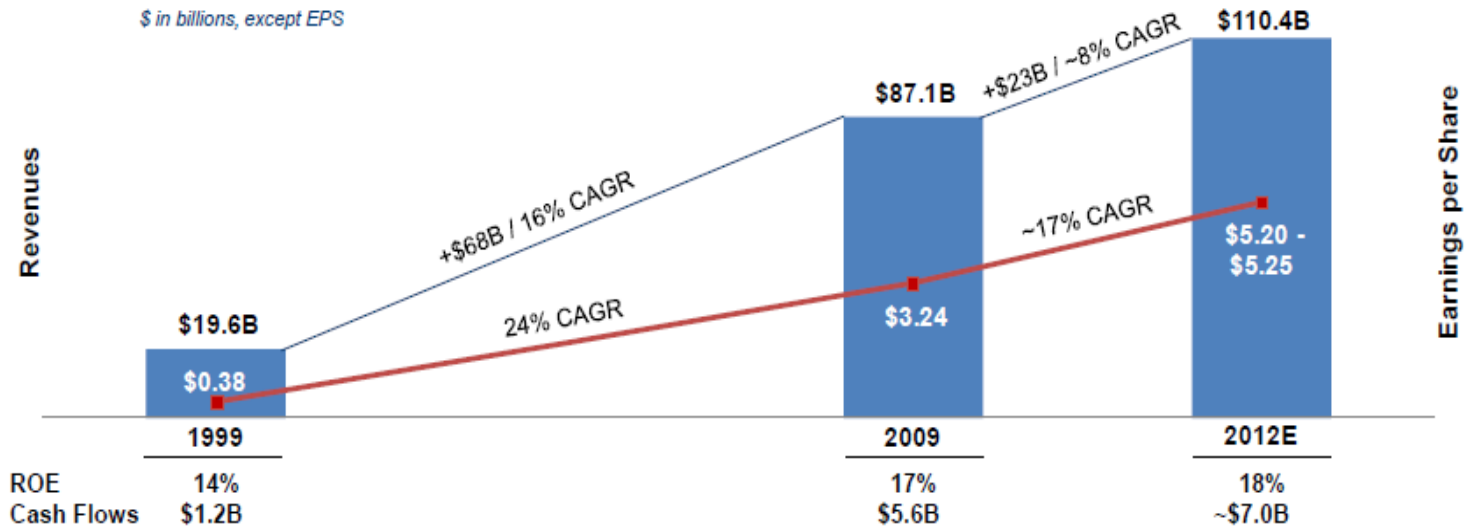
UNH – A Durable Long-Term Growth Model

UNITEDHEALTH GROUP

A Decade of Development

Health Reform

\$ in billions, except EPS



### Cumulative Use of Capital 2000 - 2009

Share Repurchase	\$ 25	47%
Dividends	0	0%
CapEx	5	9%
M&A	24	44%
<b>Total</b>	<b>\$ 54</b>	<b>100%</b>

### Cumulative Use of Capital 2010 - 2012E

Share Repurchase	\$ 9	35%
Dividends	2	8%
CapEx	3	13%
M&A	11	44%
<b>Total</b>	<b>\$ 24</b>	<b>100%</b>

## UNITEDHEALTH GROUP

### UNH – A Durable Long-Term Growth Model

### UNITEDHEALTH GROUP

\$ in billions, except EPS

