

UNITEDHEALTH GROUP INC  
Form DEF 14A  
April 24, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**UnitedHealth Group Incorporated**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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9900 Bren Road East, Minnetonka, Minnesota 55343

April 24, 2013

Dear Shareholder:

We cordially invite you to attend our 2013 Annual Meeting of Shareholders. We will hold our meeting on Monday, June 3, 2013, at 10:00 a.m. Eastern Time at the Seaport Boston Hotel, Constitution Conference Room, 1 Seaport Lane, Boston, Massachusetts 02210.

As a shareholder of UnitedHealth Group, you play an important role in our company by considering and taking action on the matters set forth in the attached proxy statement. We appreciate the time and attention you invest in making thoughtful decisions.

Attached you will find a notice of meeting and proxy statement that contain further information about the items upon which you will be asked to vote and the meeting itself, including:

How to obtain admission to the meeting if you plan to attend; and

Different methods you can use to vote your proxy, including by internet, telephone and mail.

Every shareholder vote is important, and we encourage you to vote as promptly as possible. If you cannot attend the meeting in person, you may listen to the meeting via webcast. Instructions on how to access the live webcast are included in the proxy statement.

Sincerely,

Stephen J. Hemsley  
President and Chief Executive Officer

Richard T. Burke  
Chairman of the Board

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

TO THE SHAREHOLDERS OF UNITEDHEALTH GROUP INCORPORATED:

UnitedHealth Group Incorporated (the "Company") will hold its Annual Meeting of Shareholders on Monday, June 3, 2013, at 10:00 a.m. Eastern Time at the Seaport Boston Hotel, Constitution Conference Room, 1 Seaport Lane, Boston, Massachusetts 02210. The purposes of the meeting are:

1. To elect the eleven nominees that are set forth in the attached proxy statement to the Company's Board of Directors.
2. To approve the Company's executive compensation.
3. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2013.
4. To consider a shareholder proposal set forth in the proxy statement, if properly presented at the Annual Meeting.
5. To transact other business that properly may come before the Annual Meeting or any adjournments or postponements of the meeting.

Only shareholders of record of the Company's common stock at the close of business on April 5, 2013 are entitled to receive notice of, and to vote at, the meeting and any adjournments or postponements of the meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Dannette L. Smith  
Secretary to the Board of Directors

April 24, 2013

Even if you plan to attend the Annual Meeting, we still encourage you to submit your proxy by internet, telephone or mail prior to the meeting. If you later choose to revoke your proxy or change your vote, you may do so by following the procedures described under Question 13 of the "Questions and Answers about the Annual Meeting and Voting" section in the attached proxy statement.

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS  
FOR THE ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 3, 2013:**

**The Notice of Internet Availability of Proxy Materials, Notice of Annual Meeting of Shareholders,  
Proxy Statement and Annual Report are available at  
[www.unitedhealthgroup.com/proxymaterials](http://www.unitedhealthgroup.com/proxymaterials).**

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**SUMMARY**

This summary highlights information contained elsewhere in this proxy statement. We encourage you to review the entire proxy statement. This proxy statement and our Annual Report for the year ended December 31, 2012 are first being mailed to the Company's shareholders and made available on the internet at [www.unitedhealthgroup.com/proxymaterials](http://www.unitedhealthgroup.com/proxymaterials) on or about April 24, 2013. Website addresses included throughout this proxy statement are for reference only. The information contained on our website is not incorporated by reference into this proxy statement.

**UnitedHealth Group**

We are a diversified health and well-being company whose mission is to help people live healthier lives and to make the health care system work better for everyone. We achieved strong business results in 2012, including:

Revenues increased 9% to \$110.6 billion from \$101.9 billion in 2011;

Net earnings increased 7% to \$5.5 billion from \$5.1 billion in 2011;

Cash flows from operating activities increased 3% to \$7.2 billion from \$7.0 billion in 2011;

Earnings per share increased 12% to \$5.28 per share from \$4.73 per share in 2011; and

Total shareholder return was 8.6% after achieving 42% in 2011.

This strong financial performance was driven by a broad range of initiatives intended to position the Company for future growth, and a focus on fundamental execution in all our operations.

**Corporate Governance**

UnitedHealth Group is committed to meeting high standards of ethical behavior, corporate governance and business conduct in everything we do, every day. This commitment has led us to implement the following practices:

**Board Structure and Composition** Our directors are elected annually by a majority vote of our shareholders. We have independent Board leadership, and nine of our eleven directors are independent.

**Chief Executive Officer ("CEO") Succession Planning** Our succession plan, which is reviewed annually by our Board of Directors, addresses both an unexpected loss of our CEO and longer-term succession.

**Stock Ownership Guidelines** Each of our executive officers and directors satisfied our stock ownership guidelines as of December 31, 2012. Mr. Hemsley, our CEO, directly owned shares equal to 108 times his base salary as of March 1, 2013.

**Stock Retention Policy** We require executive officers to hold, for at least one year, one-third of the net shares acquired upon vesting or exercise of any equity award granted after October 2009. Our directors are required to hold all equity awards granted after June 2009 until completion of service on the Board.

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Clawback Policy We may recover cash incentive compensation and equity awards from senior executives, including all of our named executive officers, in the event of fraud or misconduct resulting in a restatement of the Company's financial statements.

Independent Compensation Consultant Our Compensation and Human Resources Committee (the "Compensation Committee") uses an independent compensation consultant, which performs no consulting or other services for the Company.

Political Contributions Disclosure We disclose our political contributions and public advocacy efforts and the contributions of our federal and state political action committees on our website and as required by law.

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Environmental Policy We seek to minimize our environmental impact and to heighten our employees' awareness of the importance of the environment.

Transactions in Company Securities Our insider trading policy was amended in 2012 and prohibits all directors and employees from engaging in short sales and hedging transactions relating to our common stock, and requires advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management.

See the "Corporate Governance" portion of this proxy statement for further information on our governance practices.

**Enterprise-Wide Risk Oversight**

Our Board of Directors, assisted by its committees, oversees management's enterprise-wide risk management activities. Risk management activities include assessing and taking actions necessary to manage risk incurred in connection with the long-term strategic direction and operation of our business.

**Executive Compensation**

Our executive compensation program uses a mix of base salary, annual and long-term cash incentives, equity awards and standard benefits to attract and retain highly qualified executives and maintain a strong relationship between executive pay and Company performance. Shareholders expressed strong support for our executive compensation program in the "say-on-pay" votes at our 2011 and 2012 Annual Meetings of Shareholders.

Our Overall Compensation Program Principles

*Pay-for-performance* A substantial portion of the total compensation of our executive officers is earned based on achievement of enterprise-wide goals that affect shareholder value.

*Enhance the value of the business* Incentive compensation is designed to favor the longer-term value of the Company and avoid excessive risk-taking.

*Reward long-term growth and focus management on sustained success and shareholder value creation* Compensation of our executive officers is weighted toward equity and long-term cash awards that encourage sustained performance and positive shareholder returns.

*Modest benefits and limited perquisites* We provide standard employee benefits and very limited perquisites to our named executive officers.

Summary of Compensation Paid to Stephen Hemsley, our CEO, in 2012

*Base salary* \$1.3 million, which is unchanged since 2006.

*Cash incentive awards* Annual cash incentive award of \$4.0 million and long-term cash incentive award of \$1.3 million, which reflect the Company's strong performance against pre-set goals and continued strong leadership by Mr. Hemsley.

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*Equity awards* Performance shares with a target grant date fair value of \$3.5 million and restricted stock units with a grant date fair value of \$3.5 million.

*Company matching contributions* \$159,450 under our 401(k) and executive savings plan.

Mr. Hemsley's total compensation is well below the CEO median of the Company's peer group, even though the Board believes his performance has been outstanding. Information regarding compensation paid to each of our named executive officers in 2012 is described in the "Compensation Discussion and Analysis" section.

### *Strong Governance Standards in Oversight of Executive Compensation Policies*

We endeavor to maintain strong governance standards in the oversight of our executive compensation policies and practices, including:

No ongoing pension obligations for any of our named executive officers.

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No excise tax gross-ups and very limited perquisites.

Performance-based compensation arrangements, including performance-based equity awards, that use a variety of performance measures.

Double-trigger change in control arrangements for equity granted after 2010.

Our 2011 Stock Incentive Plan prohibits the repricing of stock options and stock appreciation rights without shareholder approval.

Annual advisory shareholder votes to approve the Company's executive compensation.

**Proposal 1 Election of Directors (see pages 4-8)**

The Board has nominated eleven candidates for election to our Board of Directors. **The Board recommends that shareholders vote FOR the election of each nominee.**

**Proposal 2 Advisory Approval of the Company's Executive Compensation (see pages 48-50)**

The Board is seeking advisory approval of the Company's executive compensation. In considering this proposal, please read our Compensation Discussion and Analysis, which explains the Compensation Committee's compensation decisions and how our executive compensation program aligns the interests of our executive officers with those of our shareholders. Although the vote is advisory and is not binding on the Board, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions. At the 2012 Annual Meeting, more than 98% of the votes cast on this proposal were in favor of our executive compensation. **The Board recommends that shareholders vote FOR the approval of the Company's executive compensation.**

**Proposal 3 Ratification of Independent Registered Public Accounting Firm (see page 58)**

The Audit Committee has appointed Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2013. The Board is seeking shareholder ratification of this appointment. **The Board recommends that shareholders vote FOR ratification of the selection of Deloitte & Touche LLP.**

**Proposal 4 Shareholder Proposal (see pages 58-61)**

We have been informed that a group of shareholders intends to introduce a resolution requesting that the Board authorize the preparation of a report addressing lobbying expenditures and oversight. The Board has concluded that the proposal is not in the best interests of the Company and its shareholders. **The Board recommends that shareholders vote AGAINST the shareholder proposal.**

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**PROPOSAL 1 ELECTION OF DIRECTORS**

**Director Nomination Process**

***Criteria for Nomination to the Board***

The Nominating and Corporate Governance Committee (the "Nominating Committee") analyzes, on an annual basis, director skills and attributes, and recommends to the Board of Directors appropriate individuals for nomination as Board members.

The Nominating Committee developed and maintains a skills matrix to assist it in considering the appropriate balance of experience, skills and attributes required of a director and to be represented on the Board as a whole. The skills matrix is based on the Company's strategic plan and is periodically reviewed and updated by the Nominating Committee. The Nominating Committee evaluates Board candidates against the skills matrix when determining whether to recommend candidates for initial election to the Board and when determining whether to recommend currently serving directors for reelection to the Board.

The skills matrix has two sections – a list of core criteria that every member of the Board should meet and a list of skills and attributes to be represented collectively on the Board. Following are core director criteria that should be satisfied by each director or nominee:

Independence under the Company's Standards for Director Independence and New York Stock Exchange ("NYSE") listing requirements, subject to waiver based on the Nominating Committee's business judgment;

Service on no more than three other public company boards;

High integrity and ethical standards;

Standing and reputation in the individual's field;

Risk oversight ability with respect to the particular skills of the individual director;

Understanding of and experience with complex public companies or like organizations; and

Ability to work collegially and collaboratively with other directors and management.

The skills matrix provides further that the Board as a whole should reflect diversity and have expertise in the following areas:

Corporate governance;

Finance;

Health care industry;

Direct consumer marketing;

Legal matters;

Capital markets;

Political/health care policy;

Brand marketing/public relations;

Clinical practice; and

Technology/business processes.

Our Nominating Committee strives to maintain a balance of tenure on the Board. Long-serving directors bring valuable experience with our Company and familiarity with the challenges it has faced over the years, while newer directors bring fresh perspectives and ideas.

***Diversity***

UnitedHealth Group embraces and encourages a culture of diversity and inclusion. We believe that valuing diversity makes good business sense and helps to ensure our future success. Diversity is included as one of the collective attributes in our director skills matrix. Our Board has not adopted a formal definition of diversity.

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Our Board assesses its overall effectiveness through an annual evaluation process. This evaluation includes, among other things, an assessment of the overall composition of the Board, including the diversity of its members.

***Nominating Advisory Committee***

The Board of Directors formed the Nominating Advisory Committee in 2006 to provide its Nominating Committee with additional input from shareholders and others regarding desirable characteristics of director candidates and the composition of the Board of Directors. The Nominating Committee considers, but is not bound by, input provided by the Nominating Advisory Committee. The Nominating Advisory Committee currently includes four individuals affiliated with long-term shareholders of the Company and one individual who is a member of the medical community. Members of the Nominating Advisory Committee do not receive any compensation from the Company for serving on the Nominating Advisory Committee. The Nominating Advisory Committee held one meeting in 2012. A description of the Nominating Advisory Committee can be found on the Company's website at [www.unitedhealthgroup.com](http://www.unitedhealthgroup.com).

***Process for Identifying and Evaluating Nominees***

In assessing currently serving directors for potential re-nomination, the Nominating Committee reviews the directors' overall performance on the Board of Directors and other relevant factors, including the factors listed above under "Criteria for Nomination to the Board."

In considering potential candidates for election to the Board, the Nominating Committee, with input from the full Board of Directors, assesses the potential candidate's qualifications and how these qualifications fit with the desired composition of the Board of Directors as a whole. The Nominating Committee considers views expressed by members of the Nominating Advisory Committee and other shareholders regarding skill sets that would be valuable for a new director to possess. The Nominating Committee has an outside firm on retainer to assist the Committee in identifying and evaluating director candidates.

***Shareholder Nominations and Recommendations for Director Candidates***

Shareholders may nominate candidates for election to the Board of Directors by submitting timely written notice to the Secretary to the Board in accordance with the Bylaws. The notice must include the information set forth in the Bylaws about each proposed nominee, including: (i) the name, age, business address, residence address and principal occupation or employment, (ii) the number of shares of the Company's common stock which are beneficially owned, and (iii) other information concerning the nominee as would be required in soliciting proxies for the election of that nominee. The notice must also include the information set forth in the Bylaws about the shareholder making the nomination and any associated person, including information about the direct and indirect ownership of, or derivative positions in, the Company's common stock and arrangements and understandings related to the proposed nomination or the voting of the Company's common stock. The notice must also include a signed consent of each nominee to serve as a director of the Company, if elected. For the 2014 Annual Meeting, this notice must be received at our principal executive offices, directed to the Secretary to the Board of Directors, on or before December 25, 2013. If we do not receive a notice and the required information regarding the shareholder and any associated person by the specified deadline, the director nomination will be void and disregarded for all purposes.

The Company will also consider recommendations submitted by shareholders for director candidates. Recommendations should be directed to the Secretary to the Board of Directors.

**2013 Director Nominees**

Our Articles of Incorporation and Bylaws provide that each member of our Board of Directors is elected annually by a majority of votes cast if the election is uncontested. The Board of Directors has nominated the eleven directors set forth below for election by the shareholders at the 2013 Annual Meeting. All of the nominees were elected by our shareholders at the 2012 Annual Meeting except for Edson Bueno, M.D., who was first elected to the Board by the Board on October 29, 2012. The Nominating Committee considered Dr. Bueno's candidacy in connection with the Company's acquisition of Amil Participações S.A. ("Amil"), which Dr. Bueno

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founded and leads. The Nominating Committee believes that, based on his experience, Dr. Bueno satisfies all of the core director criteria listed on the skills matrix except that he is not an independent director because he is the President and CEO of Amil. Dr. Bueno also has expertise in the following areas listed on the skills matrix:

Health care industry;

Political/health care policy;

Brand marketing/public relations; and

Clinical practice.

The Nominating Committee believes that Dr. Bueno's experience and knowledge of international health care and integrated care systems, and training and experience as a physician and entrepreneur with deep expertise across the continuum of care, make him a strong addition to the Board. Following Dr. Bueno's appointment to the Board, we discussed his appointment with the Nominating Advisory Committee and received positive feedback.

All of the nominees have informed the Board that they are willing to serve as directors if elected. If any nominee should decline or become unable to serve as a director for any reason, the persons named as proxies will elect a replacement.

***The Board of Directors recommends that you vote FOR the election of each of the nominees. Proxies will be voted FOR the election of each nominee unless you specify otherwise.***

<b>Name</b>	<b>Age</b>	<b>Director Since</b>
William C. Ballard, Jr.	72	1993
Edson Bueno, M.D.	69	2012
Richard T. Burke	69	1977
Robert J. Darretta	66	2007
Stephen J. Hemsley	60	2000
Michele J. Hooper	61	2007
Rodger A. Lawson	66	2011
Douglas W. Leatherdale	76	1983
Glenn M. Renwick	57	2008
Kenneth I. Shine, M.D.	78	2009
Gail R. Wilensky, Ph.D.	69	1993

The director nominees, if elected, will serve until the 2014 Annual Meeting or until their successors are elected and qualified. The following is a brief biographical description of each director nominee, which includes a discussion of the skills and attributes held by each director that are reflected in the skills matrix, as described above, and that, in part, led the Board to conclude that each respective director should

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continue to serve as a member of the Board.

*Mr. Ballard* served as Of Counsel to Greenebaum Doll & McDonald PLLC, a law firm in Louisville, Kentucky, from June 1992 until July 2008. In 1992, Mr. Ballard retired from Humana, Inc., a company operating managed health care facilities, after serving with Humana in various roles for 22 years, including as the Chief Financial Officer ("CFO") and a director. Mr. Ballard has satisfied all the core director criteria set forth in the skills matrix. Mr. Ballard also has health care industry, legal and finance/capital markets expertise and qualifies as a financial expert under applicable Securities and Exchange Commission ("SEC") regulations. Mr. Ballard currently serves as a director of Health Care REIT, Inc.



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*Dr. Bueno* is the founder, President, CEO and Chairman of Amil Participações S.A., which became a subsidiary of UnitedHealth Group in October 2012. Founded in 1978, Amil is the largest health care organization in Brazil, currently assisting more than five million people. Dr. Bueno holds a medical degree from the Federal University of Rio de Janeiro, with specialization in general surgery. He has attended courses in the Business Administration program at the Pontifical Catholic University of Rio de Janeiro and management programs at Harvard Business School. Dr. Bueno has satisfied all the core director criteria set forth in the skills matrix except that he is not an independent director because he is the President and CEO of Amil. Dr. Bueno has health care industry, health care policy, brand marketing/public relations and clinical practice expertise.

*Mr. Burke* is Chair of the Board of UnitedHealth Group, has been a member of our Board of Directors since inception, and was CEO of UnitedHealthcare, Inc., our predecessor corporation, until February 1988. From 1995 until February 2001, Mr. Burke was the owner, CEO and Governor of the Phoenix Coyotes, a National Hockey League team. Mr. Burke has satisfied all the core director criteria set forth in the skills matrix. Mr. Burke also has health care industry expertise and qualifies as a financial expert under applicable SEC regulations. Mr. Burke currently serves as a director of Meritage Homes Corporation. In the past five years, he has also served as a director of First Cash Financial Services, Inc.

*Mr. Darretta* is the retired Vice Chair, Board of Directors, CFO and member of the Executive Committee of Johnson & Johnson, a health care products company. Mr. Darretta served as CFO and a member of the Executive Committee of Johnson & Johnson from 1997 to March 2007. Mr. Darretta joined Johnson & Johnson in 1968. Mr. Darretta has satisfied all the core director criteria set forth in the skills matrix. Mr. Darretta has corporate governance, health care industry, direct consumer markets, technology/business process and finance/capital markets expertise and qualifies as a financial expert under applicable SEC regulations. Mr. Darretta currently serves as a trustee for certain Putnam mutual funds.

*Mr. Hemsley* is President and CEO of UnitedHealth Group and has served in that capacity since November 2006. He has been a member of the Board of Directors since February 2000. Mr. Hemsley joined the Company in 1997 as Senior Executive Vice President. He became Chief Operating Officer in 1998, was named President in 1999, and served as President and Chief Operating Officer from 1999 to November 2006. Mr. Hemsley has satisfied all the core director criteria set forth in the skills matrix except that he is not an independent director because he is our CEO. Mr. Hemsley has health care industry, finance and technology/business process expertise.

*Ms. Hooper* is President and CEO of The Directors' Council, a private company she co-founded in 2003 that works with corporate boards to increase their independence, effectiveness and diversity. She was President and CEO of Voyager Expanded Learning, a developer and provider of learning programs and teacher training for public schools, from 1999 until 2000. Prior to that, she was President and CEO of Stadlander Drug Company, Inc., a provider of disease-specific pharmaceutical care, from 1998 until Stadlander was acquired in 1999. Ms. Hooper has satisfied all the core director criteria set forth in the skills matrix and is a nationally recognized corporate governance expert. She also has health care industry expertise and qualifies as a financial expert under applicable SEC regulations. Ms. Hooper currently serves as a director of PPG Industries, Inc. In the past five years, she also served as a director of AstraZeneca plc. and Warner Music Group Corp.

*Mr. Lawson* served as President of Fidelity, the world's largest mutual fund company, from August 2007 to March 2010. Prior to joining Fidelity, Mr. Lawson was Vice Chairman of Prudential Financial from 2002 to 2007 where he was responsible for the International Operating Division and for Global Marketing Communications. Mr. Lawson served as Executive Vice President of Prudential from 1996 to 2002. Prior to joining Prudential, Mr. Lawson was President and CEO of VanEck Global from June 1994 to June 1996. Mr. Lawson was Managing Director and Partner-in-Charge of Private Global Banking and Mutual Funds at Bankers Trust from January 1992 to April 1994. Mr. Lawson was a Managing Director and CEO at Fidelity Investments Retail from May 1985 to May 1991, and President and CEO at Dreyfus Service Corporation from May 1982 to May 1985. Mr. Lawson has satisfied all the core director criteria set forth in the skills matrix. Mr. Lawson has corporate governance, direct consumer marketing, finance/capital markets, brand marketing/public relations and technology/business process expertise and qualifies as a financial expert under applicable SEC regulations. We believe that Mr. Lawson's past experience as an executive at a major institutional investor is also of significant value to the Board. Mr. Lawson currently serves as a director of E\*TRADE Financial Corporation.

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*Mr. Leatherdale* served as the Chair and CEO of The St. Paul Companies, Inc. (currently known as Travelers Companies, Inc.), a property casualty insurance company, from 1990 until he retired in October 2001. Mr. Leatherdale has satisfied all the core director criteria set forth in the skills matrix. Mr. Leatherdale has corporate governance and finance/capital markets expertise and qualifies as a financial expert under applicable SEC regulations. In the past five years Mr. Leatherdale has also served as a director of Xcel Energy Inc.

*Mr. Renwick* is President and CEO of The Progressive Corporation, an auto insurance holding company. Before being named CEO in 2001, Mr. Renwick served as CEO-Insurance Operations and Business Technology Process Leader from 1998 through 2000. Prior to that, he led Progressive's Consumer Marketing group and served as President of various divisions within Progressive. Mr. Renwick joined Progressive in 1986 as Auto Product Manager for Florida. Mr. Renwick has satisfied all the core director criteria set forth in the skills matrix. Mr. Renwick has corporate governance, health care industry, direct consumer markets, finance/capital markets, brand marketing/public relations and technology/business process expertise and qualifies as a financial expert under applicable SEC regulations. Mr. Renwick currently serves as a director of Fiserv, Inc. and The Progressive Corporation.

*Dr. Shine* has been the Executive Vice Chancellor for Health Affairs of the University of Texas System (the "UT System"), which consists of nine academic campuses and six health institutions, since November 2003. Dr. Shine served as the interim Chancellor of the UT System from May 2008 until February 2009. Dr. Shine served as President of the Institute of Medicine at the National Academy of Sciences from 1992 until 2002. From 1993 until 2003, Dr. Shine served as a Clinical Professor of Medicine at the Georgetown University School of Medicine. From 1971 until 1992, Dr. Shine served in several positions at the University of California at Los Angeles School of Medicine, with his final position being Dean and Provost, Medical Sciences, and he continues to hold the position of Professor of Medicine Emeritus. Dr. Shine has also served as Chair of the Council of Deans of the Association of American Medical Colleges from 1991 until 1992 and as President of the American Heart Association from 1985 until 1986. Dr. Shine has satisfied all the core director criteria set forth in the skills matrix. He also is a nationally recognized cardiologist and has health care policy and clinical practice expertise.

*Dr. Wilensky* has been a senior fellow at Project HOPE, an international health foundation, since 1993. From 2008 to 2009, Dr. Wilensky was President of the Department of Defense Health Board and chaired its sub-committee on health care delivery. From December 2006 to December 2007, Dr. Wilensky co-chaired the Department of Defense Task Force on the Future of Military Health Care. During 2007 she also served as a commissioner on the President's Commission on Care for America's Returning Wounded Warriors. From May 2001 to May 2003, she was the Co-Chair of the President's Task Force to Improve Health Care for our Nation's Veterans. From 1997 to 2001, she was also Chair of the Medicare Payment Advisory Commission. From 1992 to 1993, Dr. Wilensky served as the Deputy Assistant to President George H. W. Bush for policy development, and from 1990 to 1992, she was the Administrator of the Health Care Financing Administration (now known as the Centers for Medicare and Medicaid Services) directing the Medicaid and Medicare programs for the United States. Dr. Wilensky has satisfied all the core director criteria set forth in the skills matrix. She also is a nationally recognized health care economist and has health care policy expertise. Dr. Wilensky currently serves as a director of Quest Diagnostics Incorporated. In the past five years, she has also served as a director of Cephalon, Inc., Gentiva Health Services, Inc. and SRA International Inc.

## CORPORATE GOVERNANCE

### Overview

UnitedHealth Group is committed to high standards of corporate governance and ethical business conduct. Important documents that are reflective of this commitment include our Articles of Incorporation, Bylaws, Principles of Governance, Board of Directors Committee Charters, Standards for Director Independence, Code of Conduct: Our Principles of Ethics & Integrity, Related-Person Transactions Approval Policy, Board of Directors Communication Policy, Political Contributions Policy and Corporate Environmental Policy. You can access these documents at [www.unitedhealthgroup.com](http://www.unitedhealthgroup.com) to learn more about our corporate governance practices. Our key corporate governance practices are highlighted below.

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***Board Structure and Shareholder Rights***

All members of our Board of Directors are elected annually by our shareholders.

Our Articles of Incorporation provide that, in an uncontested election, each director must be elected by a majority vote.

We have no supermajority shareholder approval provisions.

We have a non-executive, independent Chair of the Board. If a future Chair of the Board is not independent, a Lead Independent Director will be appointed by a majority vote of the independent directors.

***Board and Board Committee Composition and Performance***

A Nominating Advisory Committee comprised of representatives from the shareholder and medical communities provides input into the composition of our Board of Directors.

All members of our Audit Committee are required to be "audit committee financial experts" as defined by the SEC.

A non-management director may not serve on more than four public company boards of directors (including the Company's Board).

Our CEO may not serve on more than two public company boards of directors (including the Company's Board).

Our directors are required to offer their resignations upon a change in their primary careers.

Our Board of Directors and each Board committee regularly conduct executive sessions of non-management directors. Our Chair of the Board presides over each executive session of non-management directors. Committee Chairs preside over executive sessions of their respective committees.

Our Board of Directors and Board committees have the authority to retain independent advisors.

Our Board of Directors and Board committees conduct performance reviews annually.

All directors are required to complete a specified level of director training.

***Guidelines and Board Policies***

Our Board of Directors developed our CEO succession plan with input from our CEO, and reviews the plan annually. The CEO succession plan has two components: one addressing emergency or unanticipated loss of our CEO and one addressing longer-term succession. Material features of this plan include identification of Board members to lead the succession process, identification and development of internal candidates and identification of external resources necessary to ensure a successful transition.

We maintain stock ownership and retention guidelines for directors and executive officers. See "Compensation Discussion and Analysis Elements of Our Compensation Program Other Compensation Practices Executive Stock Ownership Guidelines," "Director Compensation Equity-Based Compensation" and "Director Compensation Stock Ownership Guidelines" for further information.

We have a related-person transactions approval policy regarding the review, approval and ratification by our Audit Committee of all related-person transactions. See "Certain Relationships and Transactions."

We have a clawback policy that allows the Company to recover cash incentive compensation and equity awards from senior executives in the event of fraud or misconduct resulting in a restatement of the Company's financial statements or in the event of a senior executive's violation of a restrictive covenant. See "Compensation Discussion and Analysis Elements of Our Compensation Program Other Compensation Practices Potential Impact on Compensation from Executive Misconduct/Compensation Clawbacks."

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We have an independent compensation consultant policy that requires the consultant engaged by the Compensation Committee to be independent of the Company or the Company will disclose the fees paid to the consultant in the Company's proxy statement.

We have a political contributions policy that is overseen by our Public Policy Strategies and Responsibility Committee (the "Public Policy Committee"). The Company's political contributions and public advocacy efforts and the contributions of our federal and state political action committees are disclosed on our website.

We have an environmental policy that outlines our focus on minimizing our impact on the environment and creating a Company culture that heightens our employees' awareness of the importance of preserving the environment and conserving energy and natural resources.

Our insider trading policy prohibits all directors and employees from engaging in short sales and hedging transactions relating to our common stock and requires advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management.

Our Board of Directors believes that effective Board-shareholder communication strengthens the Board of Directors' role as an active, informed and engaged fiduciary, so we have a communication policy that outlines how shareholders and other interested parties may communicate with the Board of Directors. See "Corporate Governance – Communication with the Board of Directors."

***Independent Auditors***

Our shareholders annually ratify the appointment of our independent registered public accounting firm.

The 2012 non-audit and non-audit-related fees paid to our independent registered public accounting firm were less than 5% of total fees paid to that firm by the Company in 2012.

**Principles of Governance**

Our Articles of Incorporation and Bylaws, together with Minnesota law and NYSE and SEC rules, govern the Company. Our Principles of Governance set forth many of the practices, policies and procedures that provide the foundation for our commitment to strong corporate governance. The policies and practices covered in our Principles of Governance include shareholder rights and proxy voting; structure, composition and performance of the Board of Directors; use of an independent compensation consultant; stock ownership and retention requirements; Board of Directors operation; individual director responsibilities; and Board committees. Our Principles of Governance are reviewed at least annually by our Nominating Committee and are revised as necessary.

**Code of Conduct: Our Principles of Ethics & Integrity**

The Code of Conduct: Our Principles of Ethics & Integrity is posted on the Company's website and covers our principles and policies related to business conduct, conflicts of interest, public disclosure, legal compliance, reporting and accountability, corporate opportunities, confidentiality, fair dealing and protection and proper use of Company assets. Any waiver of the Code of Conduct for the Company's executive officers, senior financial officers or directors may be made only by the Board of Directors or a committee of the Board. We will publish any amendments to the Code of Conduct and waivers of the Code of Conduct for an executive officer or director on the Company's website.

**Compliance and Ethics**

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We strongly encourage employees to raise ethics and compliance concerns, including concerns about accounting, internal controls or auditing matters. We offer several channels for employees and third parties to report ethics and compliance concerns or incidents, including by phone or online, and individuals may choose to remain anonymous in jurisdictions where anonymous reporting is permissible. We prohibit retaliatory action against any individual who in good faith raises concerns or questions regarding ethics and compliance matters or reports suspected violations. We train all employees and periodically advise them regarding the means by which they may report possible ethics or compliance issues and their affirmative responsibility to report any possible issues. In our latest employee survey, 97% of employees said they knew what to do if they believed unethical behavior or misconduct occurred in their work area.

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**Director Independence**

Our Board of Directors has adopted the Company's Standards for Director Independence, which are available on the Company's website at [www.unitedhealthgroup.com](http://www.unitedhealthgroup.com). The Standards for Director Independence requirements exceed the independence standards set by the NYSE.

Our Board of Directors has determined that William C. Ballard, Jr., Richard T. Burke, Robert J. Darretta, Michele J. Hooper, Rodger A. Lawson, Douglas W. Leatherdale, Glenn M. Renwick, Kenneth I. Shine, M.D. and Gail R. Wilensky, Ph.D. are each "independent" under the NYSE rules and the Company's Standards for Director Independence and have no material relationships with the Company that would prevent the directors from being considered independent. Stephen J. Hemsley, the Company's President and CEO, and Edson Bueno, M.D., the President and CEO of the Company's subsidiary, Amil, are not independent directors.

In determining independence, the Board of Directors considered, among other factors, all of the business relationships between the Company and our directors and nominees, their immediate family members (as defined by the NYSE) and their affiliated companies. The Board of Directors considered whether any director or any nominee was a director, partner, significant shareholder or executive officer of an organization that has a relationship with the Company, and also considered charitable contributions that the Company or its affiliates made to organizations with which such directors or nominees are or have been associated. In particular, the Board of Directors evaluated the following relationships and determined that such relationships were in the normal course of business and did not impair the directors' exercise of independent judgment:

Mr. Burke is an owner of Rainy Partners, LLC. Rainy Partners, LLC is a customer of the Company and paid the Company premiums for health insurance of approximately \$129,000 in 2012. These premiums were determined on the same terms and conditions as premiums for our other comparable customers.

Mr. Renwick is an officer and director of The Progressive Corporation. Progressive is a customer of the Company and paid the Company approximately \$49,000 for software products and medical billing code publications in 2012, which was substantially less than 1% of Progressive's total revenues for 2012. Mr. Renwick was not involved in the decision to purchase the software products or publications, which were sold on terms substantially similar to those provided to other customers.

Dr. Shine is the Executive Vice Chancellor for Health Affairs of the University of Texas System, which includes six health institutions. The health institutions participate in the Company's broad national network of hospitals and physicians and other care providers. In 2012, we paid the UT System approximately \$105.1 million for medical expenses on behalf of consumers who obtain health insurance from us and approximately \$305,000 for tuition payments for employees, clinical trials and marketing expenses. The UT System paid the Company approximately \$848,000 for software products and medical billing code publications in 2012. The aggregate amount of these transactions represents approximately 1% of the 2012 operating revenues of the UT System. In aggregate, our self-funded customers also paid approximately \$240.1 million to the UT System for health care services on behalf of their employees and health plan participants. Dr. Shine is neither directly nor indirectly involved in the relationship between the UT System and the Company or the c