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

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 1-10864

UNITEDHEALTH GROUP®

UnitedHealth Group Incorporated
(Exact name of registrant as specified in its charter)

Minnesota	**41-1321939**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
UnitedHealth Group Center **9900 Bren Road East** **Minnetonka, Minnesota**	**55343**
(Address of principal executive offices)	**(Zip Code)**

(952) 936-1300
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

COMMON STOCK, $.01 PAR VALUE	**NEW YORK STOCK EXCHANGE, INC.**
(Title of each class)	**(Name of each exchange on which registered)**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2012 was $59,444,144,483 (based on the last reported sale price of $58.50 per share on June 30, 2012, on the New York Stock Exchange).*

As of January 31, 2013, there were 1,024,925,324 shares of the registrant's Common Stock, $.01 par value per share, issued and outstanding.

Note that in Part III of this report on Form 10-K, we incorporate by reference certain information from our Definitive Proxy Statement for the 2013 Annual Meeting of Shareholders. This document will be filed with the Securities and Exchange Commission (SEC) within the time period permitted by the SEC. The SEC allows us to disclose important information by referring to it in that manner. Please refer to such information.

* Only shares of voting stock held beneficially by directors, executive officers and subsidiaries of the Company have been excluded in determining this number.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of UnitedHealth Group Incorporated and Subsidiaries:

We have audited the accompanying consolidated balance sheets of UnitedHealth Group Incorporated and Subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of UnitedHealth Group Incorporated and Subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 6, 2013, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
February 6, 2013

2012, based on the 2011 statutory net income and statutory capital and surplus levels, the maximum amount of ordinary dividends that could have been paid by the Company's U.S. regulated subsidiaries to their parent companies was $4.6 billion.

For the year ended December 31, 2012, the Company's regulated subsidiaries paid their parent companies dividends of $4.9 billion, including $1.2 billion of extraordinary dividends. For the year ended December 31, 2011, the Company's regulated subsidiaries paid their parent companies dividends of $4.5 billion, including $1.1 billion of extraordinary dividends. As of December 31, 2012, $1.1 billion of the Company's $8.4 billion of cash and cash equivalents was held by non-regulated entities.

The Company's regulated subsidiaries had estimated aggregate statutory capital and surplus of approximately $13 billion as of December 31, 2012; regulated entity statutory capital exceeded aggregate minimum capital requirements.

Optum Bank must meet minimum requirements for Tier 1 leverage capital, Tier 1 risk-based capital, and Total risk-based capital of the Federal Deposit Insurance Corporation (FDIC) to be considered "Well Capitalized" under the capital adequacy rules to which it is subject. At December 31, 2012, the Company believes that Optum Bank met the FDIC requirements to be considered "Well Capitalized."

Share Repurchase Program

Under its Board of Directors' authorization, the Company maintains a share repurchase program. The objectives of the share repurchase program are to optimize the Company's capital structure and cost of capital, thereby improving returns to shareholders, as well as to offset the dilutive impact of share-based awards. Repurchases may be made from time to time in open market purchases or other types of transactions (including prepaid or structured share repurchase programs), subject to certain Board restrictions. In June 2012, the Board renewed and expanded the Company's share repurchase program with an authorization to repurchase up to 110 million shares of its common stock. During the year ended December 31, 2012, the Company repurchased 57 million shares at an average price of $54.45 per share and an aggregate cost of $3.1 billion. As of December 31, 2012, the Company had Board authorization to purchase up to an additional 85 million shares of its common stock.

Dividends

In June 2012, the Company's Board of Directors increased the Company's cash dividend to shareholders to an annual dividend rate of $0.85 per share, paid quarterly. Since May 2011, the Company had paid an annual dividend of $0.65 per share, paid quarterly. Declaration and payment of future quarterly dividends is at the discretion of the Board and may be adjusted as business needs or market conditions change.

The following table provides details of the Company's dividend payments:

Payment Date	Amount per Share	Total Amount Paid
		(in millions)
2010	$0.4050	$449
2011	0.6125	651
2012	0.8000	820

11. Share-Based Compensation

The Company's outstanding share-based awards consist mainly of non-qualified stock options, SARs and restricted shares. As of December 31, 2012, the Company had 43 million shares available for future grants of share-based awards under its share-based compensation plan, including, but not limited to, incentive or non-qualified stock options, SARs and up to 16 million of awards in restricted shares. As of December 31, 2012, there were also 20 million shares of common stock available for issuance under the ESPP.

Stock Options and SARs

Stock option and SAR activity for the year ended December 31, 2012 is summarized in the table below:

	Shares (in millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at beginning of period	91	$42		
Granted	2	55		
Exercised	(29)	36		
Forfeited	(1)	43		
Outstanding at end of period	63	45	4.0	$625
Exercisable at end of period	53	46	3.5	460
Vested and expected to vest, end of period	62	45	4.0	622

Restricted Shares

Restricted share activity for the year ended December 31, 2012 is summarized in the table below:

(shares in millions)	Shares	Weighted-Average Grant Date Fair Value per Share
Nonvested at beginning of period	17	$36
Granted	7	52
Vested	(14)	37
Forfeited	(1)	44
Nonvested at end of period	9	46

Other Share-Based Compensation Data

(in millions, except per share amounts)	For the Years Ended December 31, 2012	2011	2010
Stock Options and SARs			
Weighted-average grant date fair value of shares granted, per share	$ 18	$ 15	$ 13
Total intrinsic value of stock options and SARs exercised	559	327	164
Restricted Shares			
Weighted-average grant date fair value of shares granted, per share	52	42	32
Total fair value of restricted shares vested	716	113	99
Employee Stock Purchase Plan			
Number of shares purchased	3	3	4
Share-Based Compensation Items			
Share-based compensation expense, before tax	$421	$401	$326
Share-based compensation expense, net of tax effects	299	260	278
Income tax benefit realized from share-based award exercises	461	170	78

(in millions, except years)	December 31, 2012
Unrecognized compensation expense related to share awards	$307
Weighted-average years to recognize compensation expense	1.1

Share-Based Compensation Recognition and Estimates

The principal assumptions the Company used in calculating grant-date fair value for stock options and SARs were as follows:

	2012	2011	2010
Risk free interest rate	0.7% - 0.9%	0.9% - 2.3%	1.0% - 2.1%
Expected volatility	43.2% - 44.0%	44.3% - 45.1%	45.4% - 46.2%
Expected dividend yield	1.2% - 1.7%	1.0% -1.4%	0.1% -1.7%
Forfeiture rate	5.0%	5.0%	5.0%
Expected life in years	5.3 - 5.6	4.9 -5.0	4.6 -5.1

Risk-free interest rates are based on U.S. Treasury yields in effect at the time of grant. Expected volatilities are based on the historical volatility of the Company's common stock and the implied volatility from exchange-traded options on the Company's common stock. Expected dividend yields are based on the per share cash dividend paid by the Company's Board of Directors. The Company uses historical data to estimate option and SAR exercises and forfeitures within the valuation model. The expected lives of options and SARs granted represents the period of time that the awards granted are expected to be outstanding based on historical exercise patterns.

Other Employee Benefit Plans

The Company also offers a 401(k) plan for all employees. Compensation expense related to this plan was not material for the years 2012, 2011 and 2010.

In addition, the Company maintains non-qualified, unfunded deferred compensation plans, which allow certain members of senior management and executives to defer portions of their salary or bonus and receive certain Company contributions on such deferrals, subject to plan limitations. The deferrals are recorded within Long-Term Investments with an approximately equal amount in Other Liabilities in the Consolidated Balance Sheets. The total deferrals are distributable based upon termination of employment or other periods, as elected under each plan and were $348 million and $281 million as of December 31, 2012 and 2011, respectively.

12. Commitments and Contingencies

The Company leases facilities and equipment under long-term operating leases that are non-cancelable and expire on various dates through 2028. Rent expense under all operating leases for 2012, 2011 and 2010 was $334 million, $295 million and $297 million, respectively.

As of December 31, 2012, future minimum annual lease payments, net of sublease income, under all non-cancelable operating leases were as follows:

(in millions)	Future Minimum Lease Payments
2013	$380
2014	357
2015	319
2016	277
2017	233
Thereafter	556

The Company provides guarantees related to its service level under certain contracts. If minimum standards are not met, the Company may be financially at risk up to a stated percentage of the contracted fee or a stated dollar

The Compensation Committee believed this compensation was appropriate to recognize Mr. Hemsley's overall leadership in positioning the Company for long-term success during a period of significant change and modernization in the health care marketplace. In particular, the Committee recognized the CEO's strategic leadership of the Company including his leadership in enhancing the Company's reputation and fostering the Company's ethical culture. Although Mr. Hemsley's total compensation is below the CEO median in the Company's peer group, the Compensation Committee and Mr. Hemsley agree that the total compensation awarded is sufficient to retain and motivate him.

We endeavor to maintain strong governance standards in the oversight of our executive compensation policies and practices, including the following policies and practices that were in effect during 2012:

- The Compensation Committee's independent compensation consultant, Pay Governance LLC, is retained directly by the Compensation Committee and performs no other consulting or other services for the Company.
- Stock ownership guidelines for our executive officers, each of whom complied with the applicable ownership guidelines as of December 31, 2012.
- A stock retention policy that requires 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.
- No ongoing pension obligations (supplemental or otherwise) for any of our named executive officers.
- No excise tax gross-ups or executive-only perquisites such as company cars, security systems, financial planning or vacation homes for our executive officers.
- A compensation clawback policy that applies to a number of senior executives, including all of our named executive officers.
- Performance-based compensation arrangements, including performance-based equity awards, that use a variety of performance measures.
- Double trigger accelerated vesting, requiring both a change in control and a qualifying employment termination, on time-based equity awards granted after 2010, which is our only change in control benefit.
- 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.

Compensation Discussion and Analysis

Philosophy and Objectives of our Compensation Program

We seek to attract and retain highly qualified executives and establish a strong pay-for-performance alignment by linking senior management compensation to enterprise goals. The primary objectives of our executive compensation program are to:

- Attract, motivate and retain highly qualified executive officers.
- Align the economic interests of our executive officers with those of our shareholders.
- Reward performance that emphasizes teamwork and close collaboration among executive officers.
- Reward performance that supports the Company's values.
- Reward performance that advances our mission of helping people live healthier lives.
- Foster an entrepreneurial spirit that reflects innovative thinking and action and effective and accountable management and leverages the ingenuity of our employees.

Compensation Program Principles

Our Compensation Committee uses the following principles to implement our compensation philosophy and achieve our executive compensation program objectives:

- *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 design and performance measures encourage executive officers 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 heavily weighted toward equity and long-term cash awards. These awards 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. We believe the absence of executive-only benefits and perquisites is appropriate in our culture and does not impact our ability to attract and retain such executives.

Determination of Total Compensation

Role of the Compensation Committee

The Compensation Committee oversees the Company's policies and philosophy related to total compensation for executive officers. The Compensation Committee approves the compensation for the named executive officers based on its own evaluation, input from our CEO (for all executive officers except for himself), internal pay equity considerations, the tenure and performance of each named executive officer, input from its independent consultant and market data.

In addition, in making compensation decisions, the Compensation Committee considers the results of the Company's annual shareholder advisory votes approving the Company's executive compensation. At our 2011 and 2012 Annual Meetings, more than 97% and 98%, respectively, of the votes cast were in favor of the Company's executive compensation. The Compensation Committee believes these shareholder votes indicate strong support for the Company's executive compensation program.

The Compensation Committee's Use of an Independent Compensation Consultant

The Compensation Committee retains a separate independent compensation consultant, Jon Weinstein of Pay Governance LLC, to advise the Compensation Committee on executive and director compensation matters, assess total compensation program levels and program elements for executive officers and evaluate competitive compensation trends. Pay Governance does not provide any other services to the Company and does not perform any work for management. The Compensation Committee has assessed the independence of Pay Governance, specifically considering the six factors contained in the SEC rules, and concluded that Pay Governance's work for the Compensation Committee does not raise any conflict of interest.

Competitive Positioning

The Compensation Committee believes that total compensation for named executive officers should be heavily weighted toward long-term performance-based compensation, but it does not target a specific mix of annual and long-term compensation or cash and equity compensation.

In general, the Compensation Committee's goal is to achieve total compensation for the named executive officers as a group that falls within a range of the 50th to 75th percentiles of the market data for our peer group (as discussed below) if paid at target. Target total compensation of our named executive officers as a group in 2012, consisting of base salary, target annual cash incentive award, target long-term cash incentive award and the grant date fair value of equity awards (including performance shares at target), resulted in a target compensation opportunity for our named executive officers as a group between the median and the 75th percentile of the market data for our peer group.

In 2012, the Compensation Committee requested that Pay Governance update its review of the peer group data that was conducted in 2011 to ensure that competitive compensation data was:

- an accurate reflection of the external labor market for senior talent;
- sourced from companies whose scope of operations were generally consistent with the Company's size and complexity; and
- based on a sufficient number of companies to stand up over time to predictable changes in the external market.

The Compensation Committee determined to continue to use market data developed from a broad industry group of premier companies. This group is developed by Pay Governance as follows:

- use the 100 largest companies in revenue or market cap as the starting point;
- eliminate companies in industries that have unique structures that are not relevant to UnitedHealth Group, such as oil and gas, heavy manufacturing, aerospace and defense, auto manufacturing or similar industries, because the Company is unlikely to recruit from these companies;
- eliminate companies with a single line of business so that only multi-segment companies are included; and
- add major companies located near UnitedHealth Group's significant executive locations.

Neither directors nor management participates in the selection of the companies in the peer group and the Compensation Committee is not made aware of the companies in the peer group until the independent compensation consultant presents its benchmarking results to the committee.

In 2012, the Compensation Committee also considered market data from the five largest publicly traded managed care companies with which we compete for business. The Compensation Committee does not use this group of managed care companies as a primary reference point for benchmarking compensation practices, however, because the Company is substantially larger, more complex and more diverse than these companies, and because we believe that the Company competes primarily for talent and capital with other successful large companies across a broader group of industries. The companies that were included in the 2012 peer group and the five managed care companies are listed at the end of this Compensation Discussion and Analysis.

Role of Management and CEO in Determining Executive Compensation

The Compensation Committee has the responsibility to approve and monitor all compensation for our executive officers. Management recommends appropriate enterprise-wide financial and non-financial performance goals for use in incentive compensation. Our CEO assists the Compensation Committee by evaluating the performance of the executive officers that report directly to him and recommending compensation levels for these executive officers. Our CEO does not, however, make recommendations regarding his own compensation.

Use of Tally Sheets and Wealth Accumulation Analysis

When approving compensation decisions, the Compensation Committee reviews tally sheet information for each of our executive officers. These tally sheets are prepared by management and quantify the elements of each executive officer's total compensation. The tally sheets include a summary of all equity awards previously granted to each executive officer, the gain realized from past vesting or exercise of equity awards, the projected value of accumulated equity awards based upon various stock price scenarios, and compensation to be paid under various potential employment termination scenarios. This is done to effectively analyze the compensation each executive officer has accumulated to date and to fully understand the amount the executive officer could accumulate in the future.

Elements of our Compensation Program

Overview

The compensation program for our named executive officers consists of the following elements:

Compensation Element	Objective	Type of Compensation
Base salary	To provide a base level of cash compensation for executive officers	Annual compensation, not variable
Annual cash incentive awards	To encourage and reward executive officers for individual performance and for achieving annual corporate performance goals	Annual performance compensation, variable
Long-term cash incentive awards	To encourage and reward executive officers for achieving three-year corporate performance goals	Long-term performance compensation, variable
Equity awards	To motivate and retain executive officers and align their interests with shareholders through the use of: • Performance shares to motivate sustained performance and growth and potentially assist executives in building ownership in the Company; and • RSUs to retain executive officers and build stock ownership positions	Long-term performance compensation, variable
Employee benefits	To promote health, well-being and financial security of employees, including executive officers; constitutes the smallest part of total remuneration	Annual indirect compensation, not variable

Annual Compensation

Base Salary

The Compensation Committee generally determines base salary levels for our named executive officers early in the fiscal year, with changes becoming effective during the first quarter of the fiscal year. For 2012, the Compensation Committee made no changes to base salary for our named executive officers.

Annual Cash Incentive Awards

2012 Annual Incentive Plan Performance Goals

Annual cash incentive awards may be paid if our Company meets or exceeds annual performance goals as determined by the Compensation Committee for that year. In establishing the performance measures for the 2012 annual cash incentive awards in early 2012, the Compensation Committee sought to align broadly the compensation of our executive officers to key elements of the Company's 2012 business plan. Development of the Company's 2012 business plan was a robust process that involved input from all of the Company's business units and was reviewed with the Company's Board of Directors in the fourth quarter of 2011 and the first quarter of 2012. These performance measures are based on enterprise-wide measures because the Compensation Committee believes that the named executive officers share the responsibility to support the goals and performance of the Company as key members of the Company's leadership team. At the target level, the financial performance goals were consistent with or higher than the 2012 financial outlook presented publicly in

November 2011 at the Company's annual investor conference. The following table sets forth the performance measures and goals established, as well as actual 2012 performance results:

2012 Performance Measure	Weight	Threshold Performance	Target Performance	Maximum Performance	Actual 2012 Performance
Revenue*	1/3	$105.213 billion	$110.750 billion	$116.288 billion	$108.788 billion
Operating Income* Cash Flows from Operations*	1/3	$7.408 billion $5.780 billion	$8.715 billion $6.800 billion	$10.022 billion $7.820 billion	$9.243 billion $7.148 billion
Stewardship: • Customer and Physician Satisfaction • Employee Engagement • Employee Teamwork	1/3	2 points below 2012 target for customer and physician satisfaction and employee teamwork; 4 points below 2012 target for employee engagement	2011 results except that employee teamwork is 1 point above 2011 results	2 points above 2012 target	At 2012 target or between 2012 target and maximum

* The Company's annual incentive plan allows for adjustments to the Company's reported earnings for the impact of changes in accounting principles, extraordinary items and unusual or non-recurring gains or losses, including significant differences from the assumptions contained in the financial plan upon which the incentive targets were established. Adjustments to reported earnings are intended to better reflect executives' line of sight/ability to affect payouts, align award payments with growth of the Company's business, avoid artificial inflation or deflation of awards due to unusual or non-recurring items in the applicable period and emphasize the Company's preference for long-term and sustainable growth. The actual 2012 revenue, operating income and cash flows from operations results were adjusted downward from the Company's GAAP results as reported in our Annual Report on Form 10-K for the year ended December 31, 2012 to exclude results related to certain acquisitions that were not contemplated in our annual plan.

Context for the 2012 Annual Cash Incentive Plan Performance Goals

The 2012 financial performance measures at target level represented year-over-year growth in revenues of $6.0 billion and year-over-year growth in operating income of $86 million, but also included an expected year-over-year decline in operating cash flows of $268 million. This reflected the Company's view that there would be a continued difficult business environment in 2012, including expectations that:

- the general unemployment rate would improve slightly over 2011 but remain in a range of 8% to 9%;
- there would not be favorable development in previously reported medical costs payable estimates, and utilization would begin increasing from the historically low levels experienced over the past several years;
- there would be continued downward rate pressure in both Medicare Advantage and Medicaid payment rates received from the federal and state governments;
- there would be an increased level of investment in the OptumRx business to prepare for the insourcing of UnitedHealthcare's commercial pharmacy benefits management services; and
- operating cash flows would be negatively impacted year-over-year from the initial payment of minimum medical loss ratio rebates.

The 2012 non-financial performance measures at target level represented stable performance or an increase over 2011 in all categories. These measures were viewed to be important to obtaining longer-term financial successes that might not be immediately reflected in annual financial results. The Compensation Committee was of the view that the breadth of financial and non-financial performance measures for the 2012 annual cash incentive award would motivate the executive officers to achieve results that should contribute to value creation for our shareholders on a long-term basis and avoid excessive risks.

At the beginning of 2012, the Committee believed that achievement of the annual incentive goals required substantial performance on a broad range of initiatives contained in the 2012 business plan. These initiatives included the following:

- grow enrollment across all medical product categories for a total increase in UnitedHealthcare medical enrollment of approximately one million individuals;
- continue to execute our major, multi-track Medicare Advantage remediation plan to compensate for funding rates from the federal government that are projected to be less than the rate of medical cost inflation;
- continue to innovate in commercial products, service and distribution;
- deliver more effective and comprehensive clinical management;
- complete the build-out of OptumRx pharmacy benefits management infrastructure to support the insourcing of UnitedHealthcare's commercial members, and successfully execute the first customer migration phase on January 1, 2013;
- execute on Optum's growth and cost structure improvement initiatives, including the advancement of an integrated ''One Optum'' infrastructure; and
- further improve our consolidated operating cost ratio.

The Company made substantial progress with regard to these initiatives. In addition to these initiatives, the Company completed its procurement of the TRICARE West region managed care support contract, which resulted in increased implementation expenses incurred in 2012 in advance of assumption of this business in April 2013. As a result of our strong business performance in 2012, operating income and cash flows for 2012 were significantly above target levels. Revenues were slightly below target because the Company's membership growth in its Part D and Medicare Advantage businesses were below internal goals. Non-financial performance measures were at or above target levels. Our 2012 financial results represented increases over 2011 results in every measure. Earnings per share increased 12% in 2012, and the Company's total shareholder return was 8.6%, reflecting continued successful performance in an uncertain environment.

While the program uses defined performance measures and weightings to determine an overall funding level for the Company's bonus pool, individual annual cash incentive awards are not purely formulaic. In determining the amount of the actual annual incentive award to be paid, the Committee considers the CEO's recommendations for executive officers other than himself, the business performance underlying each of the measures, macroeconomic factors disproportionately impacting business performance, individual executive performance factors, market positioning, teamwork and related matters. The Compensation Committee retains discretion to pay an annual incentive award that is higher or lower than the performance level achieved based on these considerations if threshold performance is achieved on any performance measure. However, the overall pool cannot be exceeded.

Determination of 2012 Annual Cash Incentive Award Opportunities

At the beginning of each year, the Compensation Committee approves an ''annual cash incentive target opportunity'' for each executive officer as a percentage of the executive officer's base salary. In 2012, the maximum cash incentive award that each executive officer could earn, as set by the Compensation Committee, was equal to two times the executive officer's applicable annual cash incentive target opportunity.

The target opportunity established for the named executive officers is intended to increase collaboration, teamwork and accountability across the enterprise, to recognize the skills and versatility of each executive officer and to reflect relative contributions to the success of the overall enterprise. The target percentages for annual cash incentive awards to our named executive officers and the actual 2012 annual cash incentive awards paid are set forth in the table below:

2012 Annual Cash Incentive Awards

Name	Target Percentage (% of Salary)	Target Award Value ($)	Actual Award Paid ($)	Paid Award (% of Target)
Stephen J. Hemsley	175%	2,275,000	4,000,000	176%
David S. Wichmann	150%	1,275,000	2,250,000	176%
Gail K. Boudreaux	150%	1,275,000	2,250,000	176%
Larry C. Renfro	150%	1,275,000	2,254,614	177%
Lori Sweere	100%	600,000	1,200,000	200%
Anthony Welters	150%	1,125,000	1,825,000	162%

In determining the 2012 annual cash incentive award amounts, the Committee took into account the Company's performance against the 2012 annual performance goals set forth in the table above and a qualitative assessment of individual performance and accomplishments. Individual factors considered are as follows:

- For Mr. Hemsley, the Committee coordinates a formal performance evaluation by all non-management directors. The 2012 performance evaluation focused on the following seven areas: strategic focus, leadership and organization effectiveness, vision and values, corporate reputation and government relations, board relations, and overall performance. The Committee concluded that Mr. Hemsley's performance was strong and distinctive in each category. Each of the specific areas considered for the other named executive officers below were also considered as part of Mr. Hemsley's evaluation.
- Mr. Wichmann's individual performance considerations included continued success in achieving operational cost savings initiatives; continued success in acquisition integration, continued enterprise-wide technological advancement and simplification and continued success in balance sheet, cash flow and capital management disciplines.
- Ms. Boudreaux's individual performance considerations included continued growth in the Company's benefits businesses, health reform implementation and readiness activities undertaken by the Company's commercial benefits businesses, success in the TRICARE business procurement and implementation readiness activities, organizational simplification, and significant progress with respect to ''pay for performance'' care provider and facility contract provisions.
- Mr. Renfro's individual performance considerations included significant progress in achievement of a multi-year ''One Optum'' strategic direction and related organizational and operational simplification initiatives and success in implementation readiness activities for the migration of the Company's commercial pharmacy benefit management business to OptumRx.
- Ms. Sweere's individual performance considerations included continued success in the Company's talent development processes and pipelines as evidenced by the strength and depth of the Company's management team and numerous external recognitions relating to talent.
- Mr. Welters individual performance considerations included health reform implementation and readiness activities undertaken by the Company's Government Affairs department and continued advancement of reputational and social responsibility initiatives.

The Compensation Committee did not make specific assessments of, quantify or otherwise assign relative weightings to the factors considered in reaching its decisions with respect to any of the named executive officers.

See the 2012 Summary Compensation Table and other related compensation tables below for details regarding 2012 total compensation.

Long-Term Incentive Compensation

Long-term incentive compensation, consisting of the long-term cash incentive program and equity awards, represents the largest portion of executive officer compensation. This combination of long-term incentives provides a compelling performance-based compensation opportunity, aids in aligning and retaining the senior management team and accelerates the optimization of business unit capabilities across the enterprise.

Long-Term Awards

2010-2012 Long-Term Cash Incentive and Performance Share Goals and Context

The long-term cash incentive award and performance share programs create a financial incentive for achieving or exceeding three-year financial goals for the enterprise. The earned long-term cash incentive award and performance shares for the 2010-2012 performance period were based on achieving the following performance results versus the pre-set goals:

2010-2012 Performance Measure	Weight	Threshold Performance	Target Performance	Maximum Performance	Actual 2010-2012 Performance
Cumulative Earnings Per Share	50%	$9.23	$10.19	$10.76	$14.11
Return on Equity	50%	12.2%	14.2%	16.2%	18.8%

The performance measures and goals for the 2010-2012 performance period were established during the first quarter of 2010 based on the Company's Long-Term Plan. The first year of the Long-Term Plan was based on the Company's 2010 business plan. Subsequent years were based on assumptions and growth initiatives developed in conjunction with the Company's business units and reviewed by the Board of Directors. Some key assumptions and elements of the Long-Term Plan were:

- continued high unemployment levels following the financial crisis and recession during 2008 and 2009, resulting in significant commercial enrollment declines in 2010;
- enrollment growth across all Medicare and Medicaid product categories in all years, and commercial enrollment growth in 2011 and 2012;
- significant downward rate pressure in both Medicare Advantage and Medicaid payment rates received from the federal and state governments;
- an expectation that medical trend would be consistent with historical levels;
- delivery of ever more effective and comprehensive clinical management; and
- ongoing improvements to our consolidated operating cost ratio.

To achieve maximum performance for both the long-term cash incentive plan and the performance share plan, cumulative three-year earnings per share (''EPS'') performance of $10.76 and an average return on equity (''ROE'') of 16.2% were required. This maximum performance level corresponded to a compound annual growth rate in EPS of 8.2% over the three-year period, with a decrease in EPS projected for 2010 due to the economic and rate pressures noted above, followed by EPS growth of 15% in 2011 and 2012. The Company had a compound annual EPS growth rate of 17.7% over the three-year performance period. The resulting cumulative EPS of $14.11 was $3.35 above the maximum performance level.

The 16.2% average ROE maximum performance level represented a decrease from the actual ROE at the time the goal was established, reflecting the anticipated decline in 2010 earnings. The resulting three-year average ROE was 18.8%, 260 basis points above the maximum performance level.

Environmental factors influencing these results, both positively and negatively, included:

- a continued movement to managed care in state-based Medicaid programs;
- a lower rate of overall inflation and a significant decrease in medical trend over the three-year period;
- an unemployment rate that remained in the 8% to 10% range for most of 2010 through 2012;
- adoption of federal health care reform legislation, including new coverage requirements and minimum loss ratio regulations; and
- greater than anticipated downward rate pressure in both Medicare Advantage and Medicaid payment rates received from the federal and state governments.

Similar to the annual incentive plan, the Company's long-term incentive plan allows for adjustments to the Company's reported results in determining long-term incentive plan awards, namely the impact of changes in accounting principles, extraordinary items and unusual or non-recurring gains or losses. No adjustments were made to the Company's financial results in determining long-term incentive award and performance share payout levels for the 2010-2012 performance period.

2010-2012 Long-Term Cash Incentive Awards

At the beginning of each three-year performance period, the Compensation Committee approves a ''long-term cash incentive target opportunity'' for each executive officer as a percentage of the executive officer's average base salary over the performance period. For the 2010-2012 performance period, the maximum cash incentive award that an executive officer could earn was set by the Compensation Committee to be equal to two times the applicable long-term cash incentive target opportunity.

The Compensation Committee believed that it was important to provide the same relative target opportunity to all of the named executive officers to increase collaboration, teamwork and accountability across the enterprise and to recognize the skills and versatility of each executive officer. The target percentages for long-term cash incentive awards to our named executive officers and the actual long-term cash incentive awards paid for the 2010-2012 performance period are set forth in the table below:

	Long-Term Cash Incentive Award				
Name	Target Percentage (% of 3-Year Average Base Salary)	Target Award Value ($)	Maximum Award Value ($)	Actual Award Paid ($)	Paid Award (% of Target)
Stephen J. Hemsley	50%	650,000	1,300,000	1,300,000	200%
David S. Wichmann	50%	397,115	794,230	794,230	200%
Gail K. Boudreaux	50%	397,115	794,230	794,230	200%
Larry C. Renfro	50%	394,808	789,616	789,616	200%
Lori Sweere	50%	300,000	600,000	600,000	200%
Anthony Welters	50%	365,705	731,410	731,410	200%

The primary factor considered by the Compensation Committee in the determination of the long-term cash incentive award amounts was achievement of 2010-2012 long-term incentive plan measures above the maximum goal.

2010-2012 Performance Share Awards

The use of performance shares as a component of the overall equity awards granted was based upon the Compensation Committee's consideration of competitive market data; the desirability of utilizing a balanced system to mitigate risk; the desire to encourage superior performance and build ownership; and conversations with shareholders about the desirability of this type of equity award as a component of a pay-for-performance program. The actual shares that were earned for the 2010-2012 performance period are set forth in the table below as well as reflected in the 2012 Options Exercises and Stock Vested table:

Long-Term Performance Shares				
Name	**Target Shares (#)**	**Maximum Shares (#)**	**Actual Shares Paid (#)**	**Paid Award (% of Target)**
Stephen J. Hemsley	90,910	181,820	181,820	200%
David S. Wichmann	60,607	121,214	121,214	200%
Gail K. Boudreaux	60,607	121,214	121,214	200%
Larry C. Renfro	60,607	121,214	121,214	200%
Lori Sweere	30,304	60,608	60,608	200%
Anthony Welters	60,607	121,214	121,214	200%

Equity Awards

Equity Award Practices

Awards of equity-based compensation to our executive officers serve the purposes described above under ''Long-Term Incentive Compensation.'' The Compensation Committee determined that equity-based compensation for 2012 should include grants of RSUs and performance shares to achieve balance and effectiveness in our equity-based compensation and to align the interests of our executive officers and our shareholders. RSU grants were selected because they are full value shares with time vesting and, as such, provide added retention value. Performance share grants were selected to ensure a strong pay-for-performance alignment of the Company's compensation program with shareholder interests. The Compensation Committee's decision to grant performance shares was informed, in part, by discussions held between the Company and certain of its shareholders regarding the merits of performance shares in a pay-for-performance executive compensation program.

The Compensation Committee's equity award policy requires that all grants of equity be made at set times, and the Compensation Committee does not delegate authority to management to grant equity awards. We do not have a specific program, plan or practice to time equity compensation awards to named executive officers in coordination with our release of material information.

The Company does not pay dividend equivalents on performance shares granted to employees. After considering general market practices, the Compensation Committee amended the RSU award agreements to permit the payment of dividend equivalents on RSUs awarded in 2011 and after. The dividend equivalents are subject to the same terms as the RSUs and will be forfeited if the underlying RSUs do not vest.

The aggregate number of shares subject to equity awards made in 2012 was less than 1% of the Company's shares outstanding at the end of 2012.

Equity Awards — 2012

In February 2012, the Compensation Committee granted the following target number of performance shares and RSUs to Messrs. Hemsley, Wichmann, Renfro and Welters and Mses. Boudreaux and Sweere:

Name	Target Number of Performance Shares	Annual RSU Award
Stephen J. Hemsley	67,269	67,269
David S. Wichmann	43,245	43,245
Gail K. Boudreaux	43,245	43,245
Larry C. Renfro	43,245	43,245
Lori Sweere	19,220	19,220
Anthony Welters	38,440	38,440

The grant date fair values and terms of these equity awards are discussed in the 2012 Grants of Plan-Based Awards table.

In February 2012, the Compensation Committee authorized a change in the retirement provisions of Mr. Renfro's equity awards to provide that, for purposes of calculating years of service for retirement eligibility, Mr. Renfro will receive two years of service credit for each year he remains employed with the Company after he reaches age 59. In addition, the Committee agreed that if Mr. Renfro's employment is terminated by the Company without ''cause'' or if he terminates employment for ''good reason'' (as these terms are defined in the award agreements) prior to the date upon which he becomes retirement eligible, Mr. Renfro will be deemed to have met the applicable age and service requirements needed to be eligible for retirement under the Company's equity award agreements. The only retirement benefit that the Company provides to its executive officers is enhanced vesting and exercisability of equity in connection with retirement, and the Company does not provide any pension or SERP benefits to the executive officers. The Committee approved these changes for Mr. Renfro to address internal equity issues among the executive officers and to provide a strong retention incentive for Mr. Renfro.

Other Compensation

Benefits

In addition to generally available benefits, our executive officers are eligible to receive supplemental long-term disability coverage equal to 60% of base salary (up to $420,000) and all of our named executive officers, other than Mr. Hemsley, receive supplemental group term life insurance coverage of $2 million. Executive officers are also eligible to participate in our non-qualified Executive Savings Plan. See the 2012 Non-Qualified Deferred Compensation table for additional information regarding contributions, earnings and distributions for each named executive officer under the Executive Savings Plan. Our Executive Savings Plan does not provide for guaranteed or above-market interest.

As part of our continued focus on the community, the Company implemented an Executive Board Service Matching Program. This program is available to approximately 200 senior leaders of the Company, including the named executive officers. This program provides for Company matching contributions on a 1:1 or 2:1 basis to certain charitable and nonprofit organizations up to a maximum amount of $10,000 per organization and a maximum annual Company match amount of $40,000 per senior leader. In order to receive the matching contribution, the employee must serve on the board of the charitable or nonprofit organization and make an equivalent personal financial contribution.

Perquisites

We do not believe that providing generous executive perquisites is either necessary to attract and retain executive talent or consistent with our pay-for-performance philosophy. Therefore, other than the benefits described above, we do not provide perquisites such as excise tax gross-ups, company automobiles, security services, private jet services, financial planning services, club memberships, apartments or vacation homes to our executive officers. Our corporate aircraft use policy prohibits personal use of corporate aircraft by any executive officer. Because there is essentially no incremental cost to the Company, however, the policy does permit an executive officer's family member to accompany the executive officer on a business flight on Company aircraft provided a seat is available.

Employment Agreements and Post-Employment Payments and Benefits

The Company has a policy of entering into employment agreements with each of our named executive officers. These employment agreements are described in greater detail in ''Executive Employment Agreements.''

None of the employment agreements provides for ongoing fixed minimum annual equity awards or fixed cash incentive awards except for certain limited duration commitments made to Gail Boudreaux and Larry Renfro when they joined the Company. The Company's policies related to post-employment payments and benefits do not provide for enhanced cash severance payments upon termination in connection with a change in control or for excise tax gross-up payments payable in connection with a change in control. The Company also does not have any ongoing supplemental executive retirement plan obligations for its named executive officers.

The employment agreements with our executive officers provide for certain severance payments in connection with their termination of employment under various circumstances, typically termination by the Company without ''cause'' or by the executive officer for ''good reason.'' See ''Executive Employment Agreements'' and ''Potential Payments Upon Termination or Change in Control'' for additional information regarding potential severance payments that may be made to the named executive officers. We have provided these post-employment payments and benefits and severance payment triggers because they have enabled us to obtain specific post-employment non-competition, non-solicitation and non-disclosure agreements with our executive officers that we believe are of value to the Company and our shareholders.

Prior to 2011, our equity award agreements typically provided that the awards become fully vested and exercisable if the executive officer's employment ends due to death or disability, or if a change in control of the Company occurs. Beginning in 2011, equity award agreements that contain time-based vesting features no longer provide for ''single-trigger'' accelerated vesting upon a change in control. These agreements now include a ''double-trigger'' provision, which provides for accelerated vesting only if there is a change in control and the executive officer's employment is terminated without ''cause'' or the executive officer terminates his or her employment for ''good reason'' within two years of the change in control. For performance shares, the target number of performance shares will immediately vest upon a change in control of the Company. The Compensation Committee determined that ''double-trigger'' acceleration of vesting for time-based equity better preserved the retentive value of the equity award and was more consistent with the interests of our shareholders. Our equity award agreements also generally provide for continued vesting and exercisability during any period in which an executive officer receives severance and for continued exercisability of vested awards for a limited period of time after termination of employment for other reasons. In addition, stock option awards granted in 2009 and going forward provide for continued vesting and exercisability for up to five years after retirement, subject to certain conditions. The Compensation Committee elected to provide such continued vesting and exercisability because such provisions are a common market practice and our other retirement benefits are limited to the Company's 401(k) plan and non-qualified deferred compensation plan.

Other Compensation Practices

Executive Stock Ownership Guidelines

The Compensation Committee believes that executive stock ownership aligns management's interests with those of shareholders and fosters a long-term outlook, while also assisting in the mitigation of compensation risk. Under our stock ownership guidelines, each executive officer must beneficially own at least the following amounts of the Company's common stock within three years of the executive officer's election or appointment as an executive officer:

- for the CEO, five times base salary; and
- for other executive officers, two times base salary.

Stock options and stock appreciation rights (''SARs'') do not count towards satisfying the ownership requirements under the guidelines, regardless of their vesting status, and performance shares do not count towards satisfying the ownership requirements until they are vested. Time-based RSUs and restricted stock awards are counted toward the satisfaction of the ownership requirements. The Compensation Committee periodically reviews compliance with the ownership requirements. As of the record date of this proxy statement, all of our named executive officers were in compliance with the ownership requirements, including Mr. Hemsley, who, as of March 1, 2013, directly owned shares with a value equal to 108 times his base salary.

Additionally, in 2009, the Board established a stock retention policy for executive officers that are subject to Section 16 of the Securities Exchange Act of 1934, as amended (the ''Exchange Act''), which includes our named executive officers. For equity awards received after October 23, 2009, Section 16 officers are required to retain one-third of the net shares acquired upon the vesting or exercise of any equity awards for at least one year.

Transactions in Company Securities

In general, SEC rules prohibit uncovered short sales of our common stock by our executive officers, including the named executive officers. Accordingly, our insider trading policy prohibits short sales of our common stock by all employees and directors. Our insider trading policy was amended in 2012 to prohibit hedging transactions by all directors and employees and to require advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management, although pledges existing at the time of the amendment were grandfathered. In 2012, no executive officer or director sought or received advance approval from the Compensation Committee regarding pledging transactions.

Potential Impact on Compensation from Executive Misconduct/Compensation Clawbacks

If the Board of Directors determines that an executive officer has engaged in fraud or misconduct, the Board of Directors may take a range of actions to remedy the misconduct, prevent its recurrence and impose such discipline as would be appropriate, including, without limit: (i) terminating employment and (ii) initiating legal action against the executive officer. In addition, with respect to our senior executives, including our named executive officers, if the fraud or misconduct causes, in whole or in part, a material restatement of the Company's financial statements, action may include (a) seeking reimbursement of the entire amount of cash incentive compensation awarded to the executive officer, if the executive officer would have received a lower (or no) cash incentive award if calculated based on the restated financial results and (b) canceling all outstanding vested and unvested equity awards subject to the clawback policy and requiring the executive officer to return to the Company all gains from equity awards realized during the twelve-month period following the filing of the incorrect financial statements.

The Compensation Committee plans to review our clawback policy and revise it as necessary to comply with any forthcoming SEC rules implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Consideration of Risk in Named Executive Officer Compensation

Our compensation programs are balanced, focused on long-term pay-for-performance and allow for discretion. The Compensation Committee believes that the design of the compensation program for our executive officers does not encourage excessive or unnecessary risk-taking, as illustrated by the following list of features:

- Our annual cash bonus program includes a variety of financial and non-financial measures that require substantial performance on a broad range of initiatives;
- The Compensation Committee has capped the maximum amount of annual cash bonus and long-term cash bonus that can be earned;
- Our equity awards include a mix of RSUs and performance shares to encourage sustained performance over time;
- We have stock ownership guidelines for our executive officers;
- 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; and
- We have a clawback policy that deters misconduct or fraudulent behavior by recouping the entire bonus paid, not just the amount that would not have been earned.

In addition, our Compensation Committee retains discretion to adjust compensation for quality of performance, adherence to Company values and other factors.

Accounting and Tax Considerations

Internal Revenue Code Section 162(m) imposes a $1 million corporate deduction limit for compensation to the Company's CEO and its three other highest-paid executive officers (other than the CFO) employed at the end of the year, unless the compensation is ''performance-based,'' as defined in Section 162(m), and provided under a plan that has been approved by the shareholders. As part of the federal health care reform legislation enacted in 2010, Section 162(m) was revised as it pertains to compensation paid by health insurers, including the Company. Starting in 2013, an annual tax deduction limit of $500,000 per person will apply to compensation that we pay to any of our employees and certain service providers, regardless of whether such compensation is deemed performance-based under Section 162(m) or is provided pursuant to a shareholder-approved plan. The tax deduction limitation also applies to compensation earned in 2010 through 2012, to the extent that the receipt of the compensation is deferred until after 2012. Any outstanding stock options and SARs that were fully vested prior to 2010 are not subject to the tax deduction limitation. The tax deduction limitation has already begun to impact the Company. As described in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, the Company lost some tax benefits that would otherwise have been available in 2012 for deferred compensation that will be paid after 2012 that the Company believes will be in excess of the $500,000 deduction limit.

Peer Group and Managed Care Companies

Peer Group		Managed Care Companies
3M Company	Google Inc.	Aetna Inc.
Abbott Laboratories	Hewlett-Packard Company	CIGNA Corp.
Amazon.com Inc.	Home Depot, Inc. (The)	Coventry Health Care Inc.
American Express Co.	Intel Corporation	Humana Inc.
American International Group, Inc.	International Business Machines Corp.	WellPoint Inc.
Ameriprise Financial Inc.	Johnson & Johnson	
AmerisourceBergen Corporation	JPMorgan Chase & Co.	
Amgen Inc.	Kraft Foods Inc.	
Apple Inc.	Kroger Co. (The)	
Archer Daniels Midland Company	Lowe's Companies Inc.	
AT&T, Inc.	Mastercard Incorporated	
Bank of America Corp.	McDonald's Corp.	
Berkshire Hathaway Inc.	McKesson Corporation	
Best Buy Co. Inc.	Medtronic, Inc.	
Bristol-Myers Squibb Co.	Merck & Co. Inc.	
Bunge Limited	MetLife, Inc.	
Cardinal Health Inc.	Microsoft Corporation	
Cargill, Incorporated	Oracle Corp.	
Cisco Systems Inc.	PepsiCo, Inc.	
Citigroup, Inc.	Pfizer Inc.	
Coca-Cola Company (The)	Procter & Gamble Co.	
Colgate-Palmolive Co.	Prudential Financial Inc.	
Costco Wholesale Corporation	QUALCOMM Incorporated	
CVS Caremark Corporation	Safeway Inc.	
Dell Inc.	Sears Holdings Corporation	
Dow Chemical Company (The)	Sysco Corp.	
eBay Inc.	Target Corp.	
E.I. duPont de Nemours & Company	Travelers Companies, Inc. (The)	
Eli Lily and Co.	U.S. Bancorp	
EMC Corporation	United Parcel Service, Inc.	
Express Scripts Holding Company	Verizon Communications Inc.	
FedEx Corporation	Visa, Inc.	
General Electric Company	Walgreen Co.	
General Mills, Inc.	WellPoint Inc.	
Goldman Sachs Group, Inc. (The)	Wells Fargo & Company	

Compensation and Human Resources Committee Report

The Compensation and Human Resources Committee has reviewed and discussed the above Compensation Discussion and Analysis with management. Based on its review and discussions, the Compensation and Human Resources Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 2012. This report was provided by the following independent directors who comprise the Compensation and Human Resources Committee:

Douglas W. Leatherdale (Chair)
William C. Ballard, Jr.
Robert J. Darretta
Rodger A. Lawson

2012 Summary Compensation Table*

The following table provides certain summary information for the years ended December 31, 2012, 2011 and 2010 relating to compensation paid or granted to, or accrued by us on behalf of, our named executive officers.

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Stock Awards ($)[2]	SAR Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)[4]	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)[5]	All Other Compensation ($)[6]	Total ($)
Stephen J. Hemsley	2012	1,300,000	—	7,000,012	—	5,300,000	—[7]	287,443	13,887,455
President and CEO	2011	1,300,000	—	7,000,028	—	4,940,000	—	154,804	13,394,832
	2010	1,300,000	—	4,500,045	1,500,007	3,400,000	—	110,079	10,810,131
David S. Wichmann	2012	850,000	—	4,500,074	—	3,044,230	—	106,549	8,500,853
Executive Vice President and CFO	2011	832,692	—	7,000,070	—	2,794,200	—	84,212	10,711,174
Gail K. Boudreaux	2012	850,000	—	4,500,074	—	3,044,230	—	103,770	8,498,074
Executive Vice President	2011	832,692	205,000	7,000,070	—	2,794,200	—	93,353	10,925,315
and CEO, UnitedHealthcare	2010	700,000	205,000	3,000,063	1,000,004	1,400,000	—	68,679	6,373,746
Larry C. Renfro	2012	850,000		4,500,074	37,494	3,044,230		185,006	8,616,804
Executive Vice President	2011	832,692	—	7,000,070	—	2,734,600	—	35,825	10,603,187
and CEO, Optum	2010	692,308		3,000,063	1,000,004	1,400,000	—	240,300	6,332,675
Lori Sweere									
Executive Vice President, Human Capital	2012	600,000	—	2,000,034	—	1,800,000	—	73,338	4,473,372
Anthony Welters	2012	750,000	—	4,000,066	—	2,556,410	—	104,608	7,411,084
Executive Vice President	2011	744,231	—	4,500,060	—	2,514,600	—	112,118	7,871,009
	2010	700,000	—	3,000,063	1,000,004	1,400,000	—	119,687	6,219,754

* Please see ‘‘Compensation Discussion and Analysis’’ above for a description of our executive compensation program necessary to an understanding of the information disclosed in this table. Please see ‘‘Executive Employment Agreements’’ below for a description of the material terms of each named executive officer’s employment agreement.

(1) Amounts reported reflect the base salary earned by named executive officers in the years ended December 31, 2012, 2011 and 2010. Amounts reported for 2012 include the following salary amounts deferred by the named executive officers under our Executive Savings Plan:

Name	Amount Deferred
Stephen J. Hemsley	$78,000
David S. Wichmann	$51,000
Gail K. Boudreaux	$51,000
Larry C. Renfro	$51,000
Lori Sweere	$36,000
Anthony Welters	$45,000

(2) The amounts reported in this column reflect the aggregate grant date fair value of the RSUs and performance shares (at target) granted in 2012, 2011 and 2010 and computed in accordance with FASB ASC Topic 718, based on the closing

stock price on the grant date. The grant date fair value of RSUs granted in 2012 and the grant date fair value of performance shares granted in 2012 if target performance and maximum performance is achieved are as follows:

Name	Restricted Stock Units	Performance Shares Target	Performance Shares Maximum
Stephen J. Hemsley	$3,500,006	$3,500,006	$7,000,012
David S. Wichmann	$2,250,037	$2,250,037	$4,500,074
Gail K. Boudreaux	$2,250,037	$2,250,037	$4,500,074
Larry C. Renfro	$2,250,037	$2,250,037	$4,500,074
Lori Sweere	$1,000,017	$1,000,017	$2,000,034
Anthony Welters	$2,000,033	$2,000,033	$4,000,066

See the 2012 Grants of Plan-Based Awards table for more information on stock awards granted in 2012.

(3) The actual value to be realized by a named executive officer depends upon the performance of the Company's stock and the length of time the SAR award is held. No value will be realized with respect to any SAR award if the Company's stock price does not increase following the award's grant date or if the executive officer does not satisfy the vesting criteria.

The amounts reported in this column reflect the aggregate grant date fair value of SARs granted in 2010 computed in accordance with FASB ASC Topic 718. In Mr. Renfro's case, the amount shown for 2012 reflects the incremental increase in fair value with respect to SARs granted in 2009 and 2010, the award agreements for which were amended in 2012 in order to revise the terms pursuant to which Mr. Renfro will be deemed retirement eligible. The grant prices for Mr. Renfro's 2009 and 2010 SARs were not modified in connection with such amendments. See footnote 6 to the 2012 Grants of Plan-Based Awards table for additional detail. For a description of the assumptions used in computing the aggregate grant date fair value, see Note 11 to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. These same assumptions have been used in computing aggregate grant date fair value since fiscal year 2009.

(4) Amounts reported include both annual and long-term cash incentive awards to our named executive officers under our 2008 Executive Incentive Plan. The 2012 annual incentive awards, including amounts deferred by the named executive officers, were the following:

Name	Total Amount of Annual Cash Incentive Award	Amount of Annual Cash Incentive Award Deferred
Stephen J. Hemsley	$4,000,000	$240,000
David S. Wichmann	$2,250,000	$135,000
Gail K. Boudreaux	$2,250,000	$225,000
Larry C. Renfro	$2,254,614	—
Lori Sweere	$1,200,000	$ 72,000
Anthony Welters	$1,825,000	$109,500

The long-term cash incentives for the 2010-2012 incentive period under our 2008 Executive Incentive Plan were the following:

Name	Period	Total Amount of Long-Term Cash Incentive Award
Stephen J. Hemsley	2010-2012	$1,300,000
David S. Wichmann	2010-2012	$ 794,230
Gail K. Boudreaux	2010-2012	$ 794,230
Larry C. Renfro	2010-2012	$ 789,616
Lori Sweere	2010-2012	$ 600,000
Anthony Welters	2010-2012	$ 731,410

(5) Named executive officers participate in our Executive Savings Plan, which is a non-qualified deferred compensation plan. The Executive Savings Plan does not credit above-market earnings or preferential earnings to the amounts deferred, and accordingly, no non-qualified deferred compensation earnings have been reported. Under the Executive Savings Plan, there are no measuring investments tied to Company stock performance. The measuring investments are a collection of unaffiliated mutual funds identified by the Company.

(6) All other compensation includes the following:

Name	Year	Company Matching Contributions Under 401(k) Savings Plan	Company Matching Contributions Under Executive Savings Plan	Company Matching Contributions Under Executive Board Service Matching Program[(a)]	Insurance Premiums[(b)]	Relocation Benefits[(c)]	Tax Assistance[(c)]	Hart-Scott-Rodino Filing Fee[(d)]
Stephen J. Hemsley	2012	$11,250	$148,200	—	—	—	—	$125,000
David S. Wichmann	2012	$11,250	$ 87,000	—	—	—	—	—
Gail K. Boudreaux	2012	$11,250	$ 87,000	—	—	—	—	—
Larry C. Renfro	2012	$10,760	$ 25,500	—	$10,320	$80,702	$57,724	—
Lori Sweere	2012	$11,039	$ 54,000	—	—	—	—	—
Anthony Welters	2012	$ 7,788	$ 76,500	$10,000	$10,320	—	—	—

As permitted by SEC rules, we have omitted perquisites and other personal benefits that we provided to certain named executive officers in 2012 if the aggregate amount of such compensation to each of such named executive officers was less than $10,000. As noted above, we generally do not provide perquisites. In addition, consistent with SEC rules, we have not separately quantified and identified those items of other compensation that have a value of less than $10,000.

(a) The Company has adopted a policy pursuant to which it will match certain charitable contributions made by an executive officer if the executive officer also serves on the board of the charitable organization. The amount included for Mr. Welters represents a donation to a charitable organization made by the Company to match the donation he made to a charitable organization on whose board he serves.

(b) The Company provides each of Messrs. Wichmann, Renfro, and Welters and Mses. Boudreaux and Sweere a $2 million face value term life insurance policy. The 2012 annual premiums paid by the Company on behalf of Mr. Wichmann and Mses. Boudreaux and Sweere were less than $10,000.

(c) The Company offers relocation assistance for all transferred or relocated professionals and executives. The amount shown for Relocation Benefits represents payments related to relocation costs of Mr. Renfro in 2012, including reimbursement of closing costs in connection with the sale of his prior residence and moving expenses. The amount shown for Tax Assistance is the aggregate amount of payments made on Mr. Renfro's behalf by the Company during 2012 for the payment of taxes related to those relocation costs. The Company pays the taxes related to relocation costs for all transferred and relocated professionals and executives to the extent those relocation costs are deemed to be income to the professional or executive.

(d) The value of Company stock owned by Mr. Hemsley exceeded limits set forth in the HSR regulations and he was required to make HSR filings in 2012 in order to maintain and increase his stock ownership levels in the Company. Due to Mr. Hemsley's position as CEO and a director of the Company, he is not able to rely on the passive investor exemption contained in the HSR regulations. The Compensation Committee approved the payment of the $125,000 HSR filing fee on Mr. Hemsley's behalf. This amount was imputed as income to Mr. Hemsley, and Mr. Hemsley did not receive any tax gross-up on this amount.

(7) The amount of Mr. Hemsley's supplemental retirement benefit was frozen in 2006 based on his then current age and average base salary and converted into a lump sum of $10,703,229. As such, there was no increase in the benefit payable to Mr. Hemsley under his supplemental retirement benefit in fiscal year 2012.

2012 Grants of Plan-Based Awards*

The following table presents information regarding each grant of an award under our compensation plans made during 2012 to our named executive officers for fiscal year 2012.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option/ SAR Awards: Number of Securities Underlying Options/ SARs (#)	Exercise or Grant Price of Option/ SAR Awards ($/Sh)	Grant Date Fair Value of Stock or Option/ SAR Awards ($)(1)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Stephen J. Hemsley											
Annual Cash Incentive Award(2)	—	2,047,500	2,275,000	4,550,000	—	—	—	—	—	—	—
Long-Term Cash Incentive Award(3)	—	3,495	650,000	1,300,000	—	—	—	—	—	—	—
RSU Award(4)	2/7/2012	—	—	—	—	—	—	67,269	—	—	3,500,006
Performance Share Award(5)	2/7/2012	—	—	—	362	67,269	134,538	—	—	—	3,500,006
David S. Wichmann											
Annual Cash Incentive Award(2)	—	1,147,500	1,275,000	2,550,000	—	—	—	—	—	—	—
Long-Term Cash Incentive Award(3)	—	2,366	440,064	880,128	—	—	—	—	—	—	—
RSU Award(4)	2/7/2012	—	—	—	—	—	—	43,245	—	—	2,250,037
Performance Share Award(5)	2/7/2012	—	—	—	232	43,245	86,490	—	—	—	2,250,037
Gail K. Boudreaux											
Annual Cash Incentive Award(2)	—	1,147,500	1,275,000	2,550,000	—	—	—	—	—	—	—
Long-Term Cash Incentive Award(3)	—	2,366	440,064	880,128	—	—	—	—	—	—	—
RSU Award(4)	2/7/2012	—	—	—	—	—	—	43,245	—	—	2,250,037
Performance Share Award(5)	2/7/2012	—	—	—	232	43,245	86,490	—	—	—	2,250,037
Larry C. Renfro											
Annual Cash Incentive Award(2)	—	1,147,500	1,275,000	2,550,000	—	—	—	—	—	—	—
Long-Term Cash Incentive Award(3)	—	2,366	440,064	880,128	—	—	—	—	—	—	—
RSU Award(4)	2/7/2012	—	—	—	—	—	—	43,245	—	—	2,250,037
Performance Share Award(5)	2/7/2012	—	—	—	232	43,245	86,490	—	—	—	2,250,037
SAR Award(6)	2/3/2009	—	—	—	—	—	—	—	92,800	29.74	14,411
SAR Award(6)	2/9/2010	—	—	—	—	—	—	—	76,024	33.00	23,083
Lori Sweere											
Annual Cash Incentive Award(2)	—	540,000	600,000	1,200,000	—	—	—	—	—	—	—
Long-Term Cash Incentive Award(3)	—	1,613	300,000	600,000	—	—	—	—	—	—	—
RSU Award(4)	2/7/2012	—	—	—	—	—	—	19,220	—	—	1,000,017
Performance Share Award(5)	2/7/2012	—	—	—	103	19,220	38,440	—	—	—	1,000,017
Anthony Welters											
Annual Cash Incentive Award(2)	—	1,012,500	1,125,000	2,250,000	—	—	—	—	—	—	—
Long-Term Cash Incentive Award(3)	—	2,016	375,000	750,000	—	—	—	—	—	—	—
RSU Award(4)	2/7/2012	—	—	—	—	—	—	38,440	—	—	2,000,033
Performance Share Award(5)	2/7/2012	—	—	—	207	38,440	76,880	—	—	—	2,000,033

* Please see ''Compensation Discussion and Analysis'' above for a description of our executive compensation program necessary for an understanding of the information disclosed in this table.

(1) The actual value to be realized by a named executive officer depends upon the appreciation in value of the Company's stock and the length of time the award is held. No value will be realized with respect to any SAR award if the Company's stock price does not increase following the grant date. The amounts reported in this column for SAR awards reflect the incremental fair value resulting from the amendments described in footnote 6 below, computed in accordance with FASB ASC Topic 718. For a description of the assumptions used in computing grant date fair value for SAR awards pursuant to FASB ASC Topic 718, see Note 11 to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The grant date fair value of each restricted stock unit award and targeted grant date value of each performance share award was computed in accordance with FASB ASC Topic 718 based on the closing stock price on the grant date.

(2) Amounts represent estimated payouts of annual cash incentive awards granted under our Executive Incentive Plan in 2012. The Executive Incentive Plan permits a maximum annual bonus pool for executive officers equal to 2% of the Company's net income (as defined in the plan) and no executive officer may receive more than 25% of such annual bonus pool. The Compensation Committee has limited annual cash incentive payouts to not more than two times the target amount, which is reflected in the maximum payout column. In order for any amount to be paid, the Company must achieve approved performance measures of (i) revenue, (ii) operating income, (iii) cash flow, (iv) consumer, customer and physician satisfaction, (v) employee engagement and (vi) employee teamwork. The estimated threshold award represents

the amount that may be paid if threshold performance is achieved on each of the performance measures. Once threshold performance is achieved, the Compensation Committee has the discretion to pay an award ranging from 0% up to a maximum of 200% of target. The actual annual cash incentive amounts earned in connection with the 2012 awards are reported in the 2012 Summary Compensation Table.

(3) Amounts represent estimated future payouts of long-term cash incentive awards granted under our Executive Incentive Plan in 2012 for the 2012-2014 incentive period, to be paid in 2015. The Executive Incentive Plan permits a maximum long-term bonus pool for executive officers equal to 2% of the Company's average net income (as defined in the plan) during the performance period and no executive officer may receive more than 25% of such long-term bonus pool. The Compensation Committee has limited the long-term cash incentive payout maximum amount to not more than two times each named executive officer's target amount, which is reflected in the maximum payout column. In 2012, upon recommendation by management, the Compensation Committee approved a cumulative EPS measure and an average return on equity measure for the 2012-2014 incentive period, either one of which must be achieved before the threshold amount shown above becomes earned and payable. Each measure is weighted equally. The Compensation Committee will determine whether the goals have been achieved at the end of the performance period. The estimated threshold award represents the amount that may be paid if threshold performance on one of the performance measures is exceeded. Once threshold performance is achieved, the Compensation Committee has the discretion to pay an award ranging from 0% up to a maximum of 200% of target. The estimated threshold, target and maximum awards listed in the table were computed based on participants' estimated average salary over the 2012 to 2014 performance period. This three year average salary was determined using their actual 2012 salary earned with their current salary used to estimate their 2013 and 2014 salaries.

(4) Amounts represent the number of RSUs granted under our 2011 Stock Incentive Plan. These RSUs proportionately vest on December 28, 2012, February 7, 2014 and February 7, 2015, other than for Messrs. Hemsley and Welters as described in footnote 4 to the Outstanding Equity Awards at 2012 Fiscal Year-End table. The RSUs are eligible to receive dividend equivalents, which are subject to the same terms as the RSUs and will be forfeited if the underlying RSUs do not vest. Unless the holder is retirement eligible, these RSUs are subject to earlier termination upon certain events related to termination of employment. Unvested RSUs will vest in full upon death or disability. Unvested RSUs will also vest in full if, within two years of a change in control, an executive terminates employment for Good Reason or is terminated without Cause (i.e., ''double-trigger'' vesting), as these terms are defined in each executive's equity-award agreement. RSUs may also continue to vest following retirement, if the executive officer is retirement eligible, or over any severance period following termination of employment.

(5) Amounts represent the estimated future number of performance shares that may be earned under our 2011 Stock Incentive Plan at each of the threshold, target and maximum levels. The performance share award will be paid out in shares of Company common stock. The number of performance shares that the executive officer will receive will be determined at the conclusion of the 2012-2014 performance period and will be dependent upon the Company's achievement of a cumulative EPS measure and an average ROE measure approved by the Compensation Committee. The Compensation Committee has the discretion to reduce the number of performance shares an executive officer is entitled to receive. The estimated threshold award represents the number of performance shares that may be awarded if threshold performance is achieved on one of the performance measures. No dividend equivalents are paid on performance shares. The full target number of performance shares will immediately vest upon a change in control of the Company, as this term is defined in each executive's equity-award agreement. Upon retirement, if the executive officer is retirement eligible, the executive officer will vest in the full number of performance shares that are earned at the end of the performance period as if the executive officer had been continuously employed throughout the entire performance period, provided the executive officer had served for at least one year of the performance period. Upon death, disability or termination of employment for Good Reason or other than for Cause (as these terms are defined in the performance share award agreement), the executive officer will receive at the end of the applicable performance period, a pro-rata number of performance shares that are earned based on the number of full months employed plus, if applicable, the number of months for any severance period.

(6) Mr. Renfro's equity awards granted in 2009 and 2010 were amended in 2012 to provide that (i) for purposes of calculating years of service for retirement eligibility, Mr. Renfro will receive two years of service credit for each year he remains employed with the Company after he reaches age 59, and (ii) prior to the date upon which Mr. Renfro becomes retirement eligible, Mr. Renfro will be deemed to have met the applicable age and service requirements under the Company's equity award agreements and be retirement eligible if his employment is terminated by the Company without Cause or if he terminates employment for Good Reason (as these terms are defined in the award agreements). Pursuant to FASB ASC Topic 718, the amendment of Mr. Renfro's 2009 and 2010 SARs grants resulted in incremental increase in their fair value in 2012, the amounts of which are shown in the table. The grant prices for Mr. Renfro's 2009 and 2010 SARs were not modified in connection with these amendments.

Outstanding Equity Awards at 2012 Fiscal Year-End

The following table presents information regarding outstanding equity awards held at the end of fiscal year 2012 by our named executive officers.

	Option/SAR Awards					Stock Awards				
Name	Date of Option/ SAR Grant	Number of Securities Underlying Unexercised Options/ SARs (#) Exercisable	Number of Securities Underlying Unexercised Options/ SARs (#) Unexercisable	Option/ SAR Exercise/ Grant Price ($)	Option/ SAR Expiration Date[1]	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]	Equity Incentive Plan Awards: Number of Unearned Shares or Units That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares or Units That Have Not Vested ($)[2]
Stephen J. Hemsley	2/9/2010	57,018	57,018[3]	33.0000	2/9/2020	2/7/2012	45,483[4]	2,466,998	—	—
	2/23/2009	127,263	42,420[5]	29.7400	2/23/2019	2/7/2012	—	—	67,269[6]	3,648,671
	1/31/2006	200,000	—	59.4200	1/31/2016	2/9/2011	28,483[7]	1,544,918	—	—
	5/2/2005	62,500	—	57.4183	5/2/2015	2/9/2011	—	—	166,390[6]	9,024,994
	5/2/2005	187,500	—	48.3550	5/2/2015	2/9/2010	22,727[8]	1,232,712	—	—
	2/3/2005	450,000	—	45.2800	2/3/2015	2/23/2009	14,423[9]	782,304	—	—
	2/3/2005	150,000	—	55.3583	2/3/2015					
	2/11/2004	600,000	—	58.3600	2/11/2014					
	2/12/2003	300,000	—	58.3600	2/12/2013					
	2/12/2003	900,000	—	58.3600	2/12/2013					
David S. Wichmann	2/9/2010	38,012	38,012[3]	33.0000	2/9/2020	2/7/2012	29,240[4]	1,585,978	—	—
	2/23/2009	84,842	28,280[5]	29.7400	2/23/2019	2/7/2012	—	—	43,245[6]	2,345,609
	6/5/2008	203,642	—	33.9400	6/5/2018	2/9/2011	18,311[7]	993,189	—	—
	5/28/2007	—	25,000[10]	54.4100	5/28/2017	2/9/2011	61,035[11]	3,310,538	—	—
	5/28/2007	150,000	—	54.4100	5/28/2017	2/9/2011	—	—	106,966[6]	5,801,836
	5/2/2006	150,000	—	48.5800	5/2/2016	2/9/2010	15,152[8]	821,844	—	—
	10/31/2005	65,000	—	59.0000	10/31/2015	2/23/2009	9,615[9]	521,518	—	—
	5/2/2005	25,000	—	49.7886	5/2/2015					
	5/2/2005	75,000	—	48.3550	5/2/2015					
Gail K. Boudreaux	2/9/2010	19,006	38,012[3]	33.0000	2/9/2020	2/7/2012	29,240[4]	1,585,978	—	—
	2/23/2009	—	28,280[5]	29.7400	2/23/2019	2/7/2012	—	—	43,245[6]	2,345,609
						2/9/2011	18,311[7]	993,189	—	—
						2/9/2011	61,035[11]	3,310,538	—	—
						2/9/2011	—	—	106,966[6]	5,801,836
						2/9/2010	15,152[8]	821,844	—	—
						2/23/2009	9,615[9]	521,518	—	—
Larry C. Renfro	2/9/2010	38,012	38,012[3]	33.0000	2/9/2020	2/7/2012	29,240[4]	1,585,978	—	—
	2/3/2009	69,600	23,200[5]	29.7400	2/3/2019	2/7/2012	—	—	43,245[6]	2,345,609
						2/9/2011	18,311[7]	993,189	—	—
						2/9/2011	61,035[11]	3,310,539	—	—
						2/9/2011	—	—	106,966[6]	5,801,836
						2/9/2010	15,152[8]	821,844	—	—
						2/3/2009	26,650[8]	1,445,496	—	—
Lori Sweere	2/9/2010	—	19,006[3]	33.0000	2/9/2020	2/7/2012	12,996[4]	704,903	—	—
	2/23/2009	—	14,140[5]	29.7400	2/23/2019	2/7/2012	—	—	19,220[6]	1,042,493
	7/30/2007	64,956	—	48.9400	7/30/2017	2/9/2011	8,139[7]	441,459	—	—
						2/9/2011	—	—	47,540[6]	2,578,570
						2/9/2010	7,576[8]	410,922	—	—
						2/23/2009	4,807[9]	260,732	—	—
Anthony Welters	2/9/2010	—	38,012[3]	33.0000	2/9/2020	2/7/2012	25,991[4]	1,409,752	—	—
	2/23/2009	—	28,280[5]	29.7400	2/23/2019	2/7/2012	—	—	38,440[6]	2,084,986
	6/5/2008	21,212	—	33.9400	6/5/2018	2/9/2011	18,311[7]	993,189	—	—
	5/28/2007	—	25,000[10]	54.4100	5/28/2017	2/9/2011	—	—	106,966[6]	5,801,836
	5/28/2007	150,000	—	54.4100	5/28/2017	2/9/2010	15,152[8]	821,844	—	—
	5/2/2006	100,000	—	48.5800	5/2/2016	2/23/2009	9,615[9]	521,518	—	—
	10/31/2005	40,000	—	60.0700	10/31/2015					
	5/2/2005	100,000	—	48.5700	5/2/2015					
	11/4/2004	100,000	—	42.8650	11/4/2014					

(1) The expiration date shown is the latest date that options/SARs may be exercised. Options/SARs may terminate earlier in certain circumstances, such as in connection with the named executive officer's termination of employment.

(2) Based on the per share closing market price of our common stock on December 31, 2012 of $54.24.

(3) Vest 25% annually over a four-year period beginning on the first anniversary of the grant date.

(4) Vest 33-1/3% on December 28, 2012, February 7, 2014 and February 7, 2015, other than for retirement eligible executive officers. A portion of a retirement eligible executive officer's award that otherwise would have vested on the next specified

vesting date is cancelled to pay applicable FICA taxes owed by the executive officer. The cancellation occurs in the year of grant if the executive officer is retirement eligible during that year or in the first year the executive officer becomes retirement eligible. The remainder of the award vests proportionally over the remaining vesting period. Messrs. Hemsley and Welters are retirement eligible. These RSUs are eligible to and did receive dividend equivalents converted into additional shares; accordingly, the number of shares shown has been rounded to the nearest whole share. For more information on RSUs cancelled in 2012, please see the 2012 Option Exercises and Stock Vested table.

(5) Vest 25% annually over a four-year period beginning on February 3, 2010.

(6) Vest 100% at the end of the three-year performance period. The number of performance shares that the executive officer will receive is dependent upon the achievement of a cumulative EPS measure and an average ROE measure approved by the Compensation Committee. The number of performance shares reported above for grants made in 2012 is at the target number established by the Compensation Committee because we currently believe that is the probable outcome of the performance conditions based on the Company's performance through December 31, 2012. The number of performance shares reported above for grants made in 2011 is the maximum number established by the Compensation Committee because we believe that payout at maximum is the probable outcome of the performance conditions based on the Company's performance through December 31, 2012.

(7) Vest 33-1/3% on February 9, 2012, December 28, 2012 and February 9, 2014, other than for retirement eligible executive officers. A portion of a retirement eligible executive officer's award that otherwise would have vested on the next specified vesting date is cancelled to pay applicable FICA taxes owed by the executive officer. The cancellation occurs in the year of grant if the executive officer is retirement eligible during that year or in the first year the executive officer becomes retirement eligible. The remainder of the award vests proportionally over the remaining vesting period. Messrs. Hemsley and Welters are retirement eligible. These RSUs are eligible to and did receive dividend equivalents converted into additional shares; accordingly, the number of shares shown has been rounded to the nearest whole share. For more information on RSUs cancelled in 2012, please see the 2012 Option Exercises and Stock Vested table.

(8) Vest 25% annually over a four-year period beginning on the first anniversary of the grant date, other than for retirement eligible executive officers. A portion of a retirement eligible executive officer's award that otherwise would have vested on the next anniversary of the grant date is cancelled to pay applicable FICA taxes owed by the executive officer. The cancellation occurs in the year of grant if the executive officer is retirement eligible during that year or in the first year the executive officer becomes retirement eligible. The remainder of the award vests proportionally over the remaining vesting period. Mr. Hemsley was retirement eligible on the grant date and Mr. Welters became retirement eligible in 2010.

(9) Vest 25% annually over a four-year period beginning on February 3, 2010, other than for retirement eligible executive officers. A portion of a retirement eligible executive officer's award that otherwise would have vested on the next specified vesting date is cancelled to pay applicable FICA taxes owed by the executive officer. The cancellation occurs in the year of grant if the executive officer is retirement eligible during that year or in the first year the executive officer becomes retirement eligible. The remainder of the award vests proportionally over the remaining vesting period. Mr. Hemsley was retirement eligible on the grant date and Mr. Welters became retirement eligible in 2010.

(10) Vest 100% on the sixth anniversary of the grant date.

(11) Vest 100% on the fourth anniversary of the grant date. These RSUs are eligible to and did receive dividend equivalents converted into additional shares; accordingly, the number of shares shown has been rounded to the nearest whole share.

2012 Option Exercises and Stock Vested

The following table presents information regarding the exercise of stock options during fiscal year 2012 by our named executive officers and vesting of restricted stock awards held by our named executive officers for fiscal year 2012.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Stephen J. Hemsley	600,000	12,488,010[2]	284,836	15,345,669[3]
David S. Wichmann	1,008,000	23,438,031[4]	198,502	10,712,240[5]
Gail K. Boudreaux	232,948	4,863,131[6]	218,614	11,839,316[7]
Larry C. Renfro	—	—	206,424	11,075,613[8]
Lori Sweere	84,056	1,998,075[9]	96,418	5,204,343[10]
Anthony Welters	259,931	5,075,342[11]	203,526	11,002,404[12]

(1) Computed by determining the market value per share of the shares acquired based on the difference between: (a) the per share market value of our common stock at exercise, defined as the closing price on the date of exercise, or the weighted average selling price if same-day sales occurred, and (b) the exercise price of the options.

(2) Mr. Hemsley's value was computed as described in footnote 1 above and was based on the following:

Date of Award	Exercise Date	Number of Options Exercised	Stock Splits Since Date of Award	Market Price at Exercise	Exercise Price
2/11/2004	12/5/2012	300,000	2:1	$54.0337	$29.7000
2/11/2004	12/6/2012	300,000	2:1	$53.5312	$36.2382

(3) Reflects the vesting of a portion of the RSUs granted to Mr. Hemsley. The value realized on vesting was computed based on the following:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting	Market Price at Vesting	Value Realized on Vesting
2/23/2009	2/3/2012	14,423	$51.31	$ 740,044
2/9/2010	2/9/2012	11,364	$53.06	$ 602,974
2/9/2011	2/9/2012	26,004	$53.06	$1,379,784
2/9/2011	12/28/2012	28,483	$53.86	$1,534,113
2/7/2012	12/28/2012	21,058	$53.86	$1,134,166

Also reflects the performance shares earned for the 2010-2012 performance period that ended on December 31, 2012 because performance targets were met. The value shown as realized on December 31, 2012 is based on the number of shares earned for the 2010-2012 performance period using the per share closing market price of our common stock on December 31, 2012.

Date of Award	Performance Period Completion Date	Number of Shares Acquired on Vesting	Market Price at End of Performance Period	Value Realized on Vesting
2/9/2010	12/31/2012	181,820	$54.24	$9,861,917

Also reflects the cancellation on December 21, 2012 of 1,684 RSUs granted on February 7, 2012 with a value of $92,671 for the payment of FICA tax liability. The value realized was computed based on a closing stock price of $55.03 on December 21, 2012.

(4) Mr. Wichmann's value was computed as described in footnote 1 above and was based on the following:

Date of Award	Exercise Date	Number of Options Exercised	Stock Splits Since Date of Award	Market Price at Exercise	Exercise Price
8/5/2002	2/9/2012	200,000	4:1	$53.2064	$22.1100
2/12/2003	11/29/2012	200,000	4:1	$53.6255	$22.5086
11/28/2003	11/29/2012	112,500	2:1	$53.6529	$29.3986
11/28/2003	11/29/2012	37,500	2:1	$53.5300	$26.9500
8/6/2004	11/29/2012	75,000	2:1	$53.8554	$31.5350
8/6/2004	11/29/2012	75,000	2:1	$53.8870	$33.1236
12/7/2004	11/29/2012	154,000	2:1	$54.2210	$42.2986
12/7/2004	11/29/2012	154,000	2:1	$54.1531	$39.8500

(5) Reflects the vesting of a portion of the RSUs granted to Mr. Wichmann. The value realized on vesting was computed based on the following:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting	Market Price at Vesting	Value Realized on Vesting
2/23/2009	2/3/2012	9,615	$51.31	$493,346
2/9/2010	2/9/2012	7,576	$53.06	$401,983
2/9/2011	2/9/2012	18,053	$53.06	$957,915
6/5/2008	6/5/2012	9,113	$56.04	$510,693
2/9/2011	12/28/2012	18,311	$53.86	$986,231
2/7/2012	12/28/2012	14,620	$53.86	$787,425

Also reflects the performance shares earned for the 2010-2012 performance period that ended on December 31, 2012 because performance targets were met. The value shown as realized on December 31, 2012 is based on the number of shares earned for the 2010-2012 performance period using the per share closing market price of our common stock on December 31, 2012.

Date of Award	Performance Period Completion Date	Number of Shares Acquired on Vesting	Market Price at end of Performance Period	Value Realized on Vesting
2/9/2010	12/31/2012	121,214	$54.24	$6,574,647

(6) Ms. Boudreaux's value was computed as described in footnote 1 above and was based on the following:

Date of Award	Exercise Date	Number of Options Exercised	Stock Splits Since Date of Award	Market Price at Exercise	Exercise Price
6/5/2008	1/11/2012	96,825	—	$52.6200	$33.9400
2/23/2009	1/11/2012	56,562	—	$52.6200	$29.7400
2/9/2010	1/11/2012	19,006	—	$52.6200	$33.0000
6/5/2008	9/7/2012	32,275	—	$54.8900	$33.9400
2/23/2009	9/7/2012	28,280	—	$54.8900	$29.7400

(7) Reflects the vesting of a portion of the RSUs granted to Ms. Boudreaux. The value realized on vesting was computed based on the following:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting	Market Price at Vesting	Value Realized on Vesting
2/23/2009	2/3/2012	9,615	$51.31	$ 493,346
2/9/2010	2/9/2012	7,576	$53.06	$ 401,983
2/9/2011	2/9/2012	18,053	$53.06	$ 957,915
6/5/2008	6/5/2012	29,225	$56.04	$1,637,769
2/9/2011	12/28/2012	18,311	$53.86	$ 986,231
2/7/2012	12/28/2012	14,620	$53.86	$ 787,425

Also reflects the performance shares earned for the 2010-2012 performance period that ended on December 31, 2012 because performance targets were met. The value shown as realized on December 31, 2012 is based on the number of shares earned for the 2010-2012 performance period using the per share closing market price of our common stock on December 31, 2012.

Date of Award	Performance Period Completion Date	Number of Shares Acquired on Vesting	Market Price at End of Performance Period	Value Realized on Vesting
2/9/2010	12/31/2012	121,214	$54.24	$6,574,647

(8) Reflects the vesting of a portion of the RSUs granted to Mr. Renfro. The value realized on vesting was computed based on the following:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting	Market Price at Vesting	Value Realized on Vesting
2/3/2009	2/3/2012	26,650	$51.31	$1,367,412
2/9/2010	2/9/2012	7,576	$53.06	$ 401,983
2/9/2011	2/9/2012	18,053	$53.06	$ 957,915
2/9/2011	12/28/2012	18,311	$53.86	$ 986,231
2/7/2012	12/28/2012	14,620	$53.86	$ 787,425

Also reflects the performance shares earned for the 2010-2012 performance period that ended on December 31, 2012 because performance targets were met. The value shown as realized on December 31, 2012 is based on the number of shares earned for the 2010-2012 performance period using the per share closing market price of our common stock on December 31, 2012.

Date of Award	Performance Period Completion Date	Number of Shares Acquired on Vesting	Market Price at End of Performance Period	Value Realized on Vesting
2/9/2010	12/31/2012	121,214	$54.24	$6,574,647

(9) Ms. Sweere's value was computed as described in footnote 1 above and was based on the following:

Date of Award	Exercise Date	Number of Options Exercised	Stock Splits Since Date of Award	Market Price at Exercise	Exercise Price
6/5/2008	2/27/2012	25,455	—	$55.6500	$33.9400
2/23/2009	2/27/2012	14,140	—	$55.6500	$29.7400
2/9/2010	2/27/2012	19,006	—	$55.6500	$33.0000
6/5/2008	6/19/2012	25,455	—	$59.4200	$33.9400

(10) Reflects the vesting of a portion of the RSUs granted to Ms. Sweere. The value realized on vesting was computed based on the following:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting	Market Price at Vesting	Value Realized on Vesting
2/23/2009	2/3/2012	4,808	$51.31	$246,698
2/9/2010	2/9/2012	3,788	$53.06	$200,991
2/9/2011	2/9/2012	8,024	$53.06	$425,734
6/5/2008	6/5/2012	4,556	$56.04	$255,318
2/9/2011	12/28/2012	8,138	$53.86	$438,294
2/7/2012	12/28/2012	6,497	$53.86	$349,930

Also reflects the performance shares earned for the 2010-2012 performance period that ended on December 31, 2012 because performance targets were met. The value shown as realized on December 31, 2012 is based on the number of shares earned for the 2010-2012 performance period using the per share closing market price of our common stock on December 31, 2012.

Date of Award	Performance Period Completion Date	Number of Shares Acquired on Vesting	Market Price at End of Performance Period	Value Realized on Vesting
2/9/2010	12/31/2012	60,608	$54.24	$3,287,378

(11) Mr. Welter's value was computed as described in footnote 1 above and was based on the following:

Date of Award	Exercise Date	Number of Options Exercised	Stock Splits Since Date of Award	Market Price at Exercise	Exercise Price
11/4/2004	4/23/2012	70,000	2:1	$59.1547	$42.8650
6/5/2008	4/23/2012	23,639	—	$59.5100	$33.9400
2/23/2009	4/23/2012	28,280	—	$59.5100	$29.7400
2/9/2010	4/23/2012	38,012	—	$59.5100	$33.0000
11/4/2004	6/7/2012	100,000	2:1	$57.6752	$42.8650

(12) Reflects the vesting of a portion of the RSUs granted to Mr. Welters. The value realized on vesting was computed based the following:

Date of Award	Vesting Date	Number of Shares Acquired on Vesting	Market Price at Vesting	Value Realized on Vesting
2/23/2009	2/3/2012	9,615	$51.31	$493,346
2/9/2010	2/9/2012	7,576	$53.06	$401,983
2/9/2011	2/9/2012	16,728	$53.06	$887,610
6/5/2008	6/5/2012	17,087	$56.04	$957,555
2/9/2011	12/28/2012	18,311	$53.86	$986,231
2/7/2012	12/28/2012	12,041	$53.86	$648,533

Also reflects the performance shares earned for the 2010-2012 performance period that ended on December 31, 2012 because performance targets were met. The value shown as realized on December 31, 2012 is based on the number of shares earned for the 2010-2012 performance period using the per share closing market price of our common stock on December 31, 2012.

Date of Award	Performance Period Completion Date	Number of Shares Acquired on Vesting	Market Price at End of Performance Period	Value Realized on Vesting
2/9/2010	12/31/2012	121,214	$54.24	$6,574,647

Also reflects the cancellation on December 21, 2012 of 954 RSUs granted on February 7, 2012 with a value of $52,499 for the payment of FICA tax liability. The value realized was computed based on a closing stock price of $55.03 on December 21, 2012.

2012 Pension Benefits

The following table presents information regarding the present value of accumulated benefits payable under our non-qualified defined-benefit pension plans covering our named executive officers for fiscal year 2012.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Stephen J. Hemsley	Individual Agreement for Supplemental Executive Retirement Pay	—(1)	10,703,229(1)	—
David S. Wichmann	N/A	—	—	—
Gail K. Boudreaux	N/A	—	—	—
Larry C. Renfro	N/A	—	—	—
Lori Sweere	N/A	—	—	—
Anthony Welters	N/A	—	—	—

(1) Upon termination of Mr. Hemsley's employment for any reason, a lump-sum benefit of $10,703,229 will be paid six months and one day after his termination. In the event of Mr. Hemsley's death prior to payment of his entire supplemental retirement benefit, his surviving spouse will receive any unpaid benefit. The dollar amount of this lump sum benefit was frozen in 2006 and will not vary, regardless of Mr. Hemsley's age, years of service or average compensation at the time of his actual termination.

2012 Non-Qualified Deferred Compensation

The following table presents information as of the end of 2012 regarding the non-qualified deferred compensation arrangements for our named executive officers for fiscal year 2012.

Name (a)	Executive Contributions in Last FY ($)(1)(2) (b)	Registrant Contributions in Last FY ($)(1)(3) (c)	Aggregate Earnings in Last FY ($)(4) (d)	Aggregate Withdrawals/ Distributions ($)(5) (e)	Aggregate Balance at Last FYE ($)(1) (f)
Stephen J. Hemsley	296,400	148,200	496,435	—	8,707,353
David S. Wichmann	174,000	87,000	310,030	—	2,418,230
Gail K. Boudreaux	256,000	87,000	96,217	—	1,160,376
Larry C. Renfro	51,000	25,500	15,290	—	232,912
Lori Sweere	108,000	54,000	72,910	—	742,840
Anthony Welters	153,000	76,500	107,060	—	1,437,300

(1) All amounts in columns (b) and (c) have been reported as compensation. In addition to the amounts shown in columns (b) and (c), column (f) includes the following amounts reported in the summary compensation table for prior years:

Name	Amount Previously Reported
Stephen J. Hemsley	$6,178,276
David S. Wichmann	$ 995,502
Gail K. Boudreaux	$ 555,923
Larry C. Renfro	$ 136,177
Lori Sweere	$ —
Anthony Welters	$ 772,557

(2) Named executive officers are eligible to participate in our Executive Savings Plan, which is a non-qualified deferred compensation plan. Under the plan, employees may generally defer up to 80% of their eligible annual base salary (100% prior to January 1, 2007) and up to 100% of their annual and long-term cash incentive awards. Amounts deferred, including Company credits, are credited to a bookkeeping account maintained for each participant, and are distributable pursuant to an election made by the participant as to time and form of payment that is made prior to the time of deferral. The Company maintains a Rabbi Trust for the plan. The Company's practice is to set aside amounts in the Rabbi Trust to be used to pay for all benefits under the plan, but the Company is under no obligation to do so except in the event of a change in control.

(3) For the first 6% of the employee's base salary and annual incentive award deferrals under our Executive Savings Plan, the Company provides a matching credit of up to 50% of amounts deferred at the time of each deferral. This matching credit does not apply to deferrals of long-term cash incentive awards, or other special incentive awards.

(4) Amounts deferred are credited with earnings from measuring investments selected by the employee from a collection of unaffiliated mutual funds identified by the Company. The Executive Savings Plan does not credit above-market earnings or preferential earnings to amounts deferred. The returns on the mutual funds available to employees during 2012 ranged from 0.11% to 26.15%, with a median return of 14.87% for the year ended December 31, 2012. Employees may change their selection of measuring investments on a daily basis.

(5) Under our Executive Savings Plan, unless an employee in the plan elects to receive distributions during the term of his or her employment with the Company, benefits will be paid no earlier than at the beginning of the year following the employee's termination. However, upon a showing of severe financial hardship, an employee may be allowed to access funds in his or her deferred compensation account earlier. Benefits can be received either as a lump sum payment, in five or ten annual installments, in pre-selected amounts and on pre-selected dates, or a combination thereof. An employee may change his or her election with respect to the timing and form of distribution for such deferrals under certain conditions. However, for deferrals relating to services performed on or after January 1, 2004, employees may not accelerate the timing of the distributions.

Executive Employment Agreements

We have entered into an employment agreement with each of the named executive officers.

Stephen J. Hemsley

On November 7, 2006, the Board of Directors entered into an employment agreement with Mr. Hemsley to serve as President and CEO. On December 14, 2010, the employment agreement was amended to extend the employment period to December 1, 2014. The employment agreement will extend automatically for additional one-year periods after December 1, 2014 unless sooner terminated in accordance with the terms of the employment agreement. During the period of his employment, the Board of Directors will nominate Mr. Hemsley for election to the Board of Directors by the shareholders of the Company.

Under the employment agreement, Mr. Hemsley receives a base salary of $1,300,000, with any increases at the sole discretion of the Compensation Committee and ultimately the independent members of the Board of Directors. The employment agreement does not set any minimum or target level for any bonus or other incentive compensation. All bonus and incentive compensation awards are solely at the discretion of the Compensation Committee. Mr. Hemsley is eligible to participate in the Company's generally available employee benefit programs.

Upon termination of Mr. Hemsley's employment for any reason, he is entitled to a previously accrued and vested lump sum supplemental retirement benefit of $10,703,229 to be paid six months and one day after his termination.

If Mr. Hemsley's employment is terminated by the Company without Cause, other than upon expiration of the term of the employment agreement, or by Mr. Hemsley for Good Reason, the Company will pay Mr. Hemsley a lump sum in an amount equal to his annual base salary for the longer of the remainder of the term under the employment agreement or twelve months.

If Mr. Hemsley's employment is terminated because of his death or permanent disability, the Company will pay him or his beneficiaries a lump sum in an amount equal to two years' total compensation of base salary plus the average bonus for the last two calendar years, excluding any special or one-time bonus or incentive compensation payments.

If Mr. Hemsley is terminated by the Company for Cause, by Mr. Hemsley without Good Reason or because of his retirement or upon expiration of the term of the employment agreement, he will not be entitled to any further compensation from the Company other than earned but unpaid salary and benefits.

As defined in the employment agreement, ''Cause'' generally means willful and continued failure to perform his duties after written notice and a failure to remedy the deficiency, a violation of the Company's Code of Conduct that is materially detrimental to the Company and is not remedied after written notice, engaging in fraud, material dishonesty or gross misconduct in connection with the Company's business, conviction of a felony or willful and material breach of the employment agreement that is not remedied after written notice. As defined in the employment agreement, ''Good Reason'' generally means an assignment of duties inconsistent with his position or duties or other diminution of duties, a relocation of primary work location by more than 25 miles, failure by the Board of Directors to elect Mr. Hemsley as CEO, failure by the Board of Directors to nominate Mr. Hemsley to serve on the Board of Directors, the Company's failure to pay or provide Mr. Hemsley's base salary, incentive compensation or other benefits, or any other material breach of Mr. Hemsley's employment agreement that is not remedied.

Pursuant to the employment agreement, Mr. Hemsley is subject to provisions prohibiting his solicitation of the Company's employees and customers or competing with the Company during the term of the employment agreement and the longer of two years following termination or the period that severance payments are made to him under the employment agreement. In addition, he is prohibited at all times from disclosing confidential information related to the Company.

Gail K. Boudreaux, David S. Wichmann, Larry C. Renfro, Lori Sweere and Anthony Welters

Ms. Boudreaux entered into an employment agreement with the Company on April 8, 2008, which agreement was amended and restated most recently on August 8, 2011. Mr. Wichmann entered into an employment agreement with the Company that was effective December 1, 2006 and was amended and restated most recently effective as of December 31, 2008. Mr. Renfro entered into an employment agreement with the Company that was effective January 29, 2009 and was amended and restated most recently as of March 26, 2012. Ms. Sweere entered into an employment agreement with the Company that was effective June 29, 2007, and was amended and restated most recently effective as of December 31, 2008. Mr. Welters entered into an employment agreement with the Company on April 17, 2007, which agreement was amended and restated most recently effective as of December 31, 2008. The titles of these executive officers are specified in the 2012 Summary Compensation Table above.

Under their respective employment agreements, Mses. Boudreaux and Sweere and Messrs. Wichmann, Renfro and Welters report to the President and CEO of the Company and receive base salaries with any adjustments at the discretion of the Compensation Committee. These executive officers are eligible to participate in the Company's incentive compensation plans. The target and maximum amount of any actual bonus payable to each executive officer is in the discretion of the Compensation Committee. These executive officers also are eligible to receive stock-based awards in the discretion of the Compensation Committee and to participate in the Company's generally available employee benefit programs. During the term of their respective employment, in addition to the Company's generally available benefits, the Company will provide each executive officer, at the Company's expense, a $2 million face value term life insurance policy. In addition, the executive officers also participate in a long-term disability policy, at the Company's expense, which provides an annual benefit that covers 60% of eligible base salary in the event of a qualifying long-term disability, subject to the terms of the policy.

The employment agreements for Mses. Boudreaux and Sweere and Mr. Renfro also contain provisions for equity awards and bonuses in connection with commencement of employment. In addition, the employment agreement for Mr. Renfro states that for purposes of determining his eligibility for retirement, he will receive two years of service credit for each year he remains employed with the Company after age 59, clarifies that he will be deemed eligible for retirement if, prior to otherwise becoming eligible for retirement, his employment is terminated by the Company without Cause or he resigns for Good Reason, and amends his outstanding and future equity awards to reflect these provisions.

Each employment agreement and each executive officer's employment may be terminated (a) at any time by mutual agreement or, with prior written notice, by the Company with or without Cause, (b) at any time by the executive officer with or without Good Reason and (c) upon the executive officer's death or disability that renders him or her incapable of performing the essential functions of his job, with or without reasonable accommodation. If an executive officer's employment is terminated by the Company without Cause or by the executive officer for Good Reason, the Company will provide the executive officer with outplacement services consistent with those provided to similarly situated executives and pay the executive officer severance compensation equal to the sum of (a) 200% of his or her annualized base salary as of his or her termination date, (b) 200% of the average of his or her last two calendar year bonuses, excluding any equity awards and any special or one-time bonus or incentive compensation payments, and (c) $12,000 to offset the costs of benefit continuation coverage. The severance compensation will be payable over a 24-month period for Mses. Boudreaux and Sweere and Messrs. Wichmann and Welters and will be payable over a 12-month period for Mr. Renfro.

For purposes of each applicable employment agreement, ''Cause'' generally means (a) material failure to follow the Company's reasonable direction or to perform any duties reasonably required on material matters, (b) a material violation of, or failure to act upon or report known or suspected violations of, the Company's Principles of Integrity and Compliance, (c) conviction of a felony, commission of any criminal, fraudulent or dishonest act or any conduct that is materially detrimental to the interests of the Company, or (d) material breach of the employment agreement. The employment agreement provides that the Company will, within 120 days of the discovery of the conduct constituting Cause, give the executive officer written notice specifying in reasonable detail the conduct constituting Cause and the executive officer will have 60 days to remedy the conduct, if the conduct is reasonably capable of being remedied. In any instance where the Company may have grounds for Cause, failure by the Company to provide written notice of the grounds for Cause within 120 days of discovery will be a waiver of its right to assert the subject conduct as a basis for termination for Cause.

For purposes of each applicable employment agreement, ‘‘Good Reason’’ will generally exist if the Company (a) reduces the executive officer's base salary or long- or short-term target bonus percentage other than in connection with a general reduction affecting a group of similarly situated employees, (b) moves the executive officer's primary work location more than 50 miles, (c) makes changes that substantially diminish the executive officer's duties or responsibilities, or (d) changes the executive officer's reporting relationship away from the President and CEO of the Company (except that ‘‘Good Reason’’ will also exist for Mr. Renfro if the Company makes a change so that he no longer holds the position of CEO of Optum, Inc. or another equivalent position). The employment agreement provides that the executive officer must give the Company written notice specifying in reasonable detail the circumstances constituting Good Reason within 120 days of becoming aware of the circumstances, or those circumstances will not constitute Good Reason. If the circumstances constituting Good Reason are reasonably capable of being remedied, the Company will have 60 days to remedy the circumstances.

Pursuant to their respective employment agreements, each executive officer is subject to provisions prohibiting his or her solicitation of the Company's employees or competing with the Company during the term of the employment agreement and two years following termination for any reason. In addition, each executive officer is prohibited at all times from disclosing confidential information related to the Company.

Potential Payments Upon Termination or Change in Control

The following table describes the potential payments to named executive officers upon termination of employment or a change in control of the Company as of December 31, 2012. Amounts are calculated based on the benefits available to the named executive officers under existing plans and arrangements, including each of their employment agreements described under ''Executive Employment Agreements.''

	For Good Reason or Not For Cause ($)	Death ($)	Disability ($)	Retirement ($)	Change In Control ($)
Stephen J. Hemsley					
Cash Payments	2,491,667	9,640,000	9,640,000	—	—
Annual Cash Incentive(1)	—	4,550,000	4,550,000	4,550,000	—
Long-Term Cash Incentive(2)	—	1,300,000	1,300,000	1,300,000	1,300,000
SERP	10,703,229	10,703,229	10,703,229	10,703,229	10,703,229
Insurance Benefits	—	—	420,000	—	—
Acceleration of Equity(3)	16,438,488	12,501,911	12,501,911	16,438,488	16,438,488
Total(4)	29,633,384	38,695,140	39,115,140	32,991,717	28,441,717
David S. Wichmann					
Cash Payments	5,162,000	—	—	—	—
Annual Cash Incentive(1)	—	2,550,000	2,550,000	2,550,000	—
Long-Term Cash Incentive(2)	—	846,154	846,154	846,154	846,154
Insurance Benefits	—	2,000,000	420,000	—	—
Acceleration of Equity(3)	9,876,294	11,449,139	11,449,139	—	13,979,814
Total(4)	15,038,294	16,845,293	15,265,293	3,396,154	14,825,968
Gail K. Boudreaux					
Cash Payments	5,162,000	—	—	—	—
Annual Cash Incentive(1)	—	2,550,000	2,550,000	2,550,000	—
Long-Term Cash Incentive(2)	—	846,154	846,154	846,154	846,154
Insurance Benefits	—	2,000,000	420,000	—	—
Acceleration of Equity(3)	9,876,294	11,449,139	11,449,139	—	13,979,814
Total(4)	15,038,294	16,845,293	15,265,293	3,396,154	14,825,968
Larry C. Renfro					
Cash Payments	5,162,000	—	—	—	—
Annual Cash Incentive(1)	—	2,550,000	2,550,000	2,550,000	—
Long-Term Cash Incentive(2)	—	846,154	846,154	846,154	846,154
Insurance Benefits	—	2,000,000	420,000	—	—
Acceleration of Equity(3)	14,779,333	12,248,657	12,248,657	—	14,779,333
Total(4)	19,941,333	17,644,811	16,064,811	3,396,154	15,625,487
Lori Sweere					
Cash Payments	3,412,000	—	—	—	—
Annual Cash Incentive(1)	—	1,200,000	1,200,000	1,200,000	—
Long-Term Cash Incentive(2)	—	600,000	600,000	600,000	600,000
Insurance Benefits	—	2,000,000	360,000	—	—
Acceleration of Equity(3)	4,547,446	3,775,179	3,775,179	—	4,899,900
Total(4)	7,959,446	7,575,179	5,935,179	1,800,000	5,499,900
Anthony Welters					
Cash Payments	4,712,000	—	—	—	—
Annual Cash Incentive(1)	—	2,250,000	2,250,000	2,250,000	—
Long-Term Cash Incentives(2)	—	748,718	748,718	748,718	748,718
Insurance Benefits	—	2,000,000	420,000	—	—
Acceleration of Equity(3)	10,232,453	7,875,562	7,875,562	10,232,453	10,232,453
Total(4)	14,944,453	12,874,280	11,294,280	13,231,171	10,981,171

(1) Represents the maximum amount the Compensation Committee may in its discretion determine, but is not required, to pay the executive officer (or the executive officer's estate, if applicable) based upon a pro-rated portion of the award that

the executive officer would have received but for the death, disability or retirement, calculated at the achievement of the maximum performance target, as more fully described in footnote 2 to the 2012 Grants of Plan-Based Awards table. For the purposes of this table, the potential amounts have not been pro-rated because the table assumes a death, disability or retirement on December 31, 2012.

(2) With respect to ''Death,'' ''Disability'' and ''Retirement,'' represents the maximum amount the Compensation Committee may in its discretion determine, but is not required, to pay the executive officer (or the executive officer's estate, if applicable) based upon the portion of the incentive periods the executive officer served prior to death, disability or retirement and measurement of Company and executive performance based on performance through the end of the fiscal year of the Company which ends closest to the executive officer's date of death, disability or retirement, calculated at the achievement of the maximum performance target, as more fully described in footnote 3 to the 2012 Grants of Plan-Based Awards table. With respect to ''Change in Control,'' represents the amount payable by the Company or its successor to each executive officer (or credit to the named executive officer's account in the Company's Executive Savings Plan if a timely deferral election is in effect), which is a pro-rated portion of the maximum long-term cash incentive award for which the executive officer is eligible for the 2011-2013 and 2012-2014 performance periods.

(3) Represents the (i) unvested RSUs multiplied by the closing stock price on December 31, 2012 ($54.24), (ii) intrinsic value of the unvested stock options and SARs which is calculated based on the difference between the closing price of our stock on December 31, 2012 ($54.24), and the exercise or grant price of the unvested stock options and SARs as of that date, and (iii) the number of performance shares earned if target performance is achieved multiplied by the closing stock price on December 31, 2012 ($54.24). If maximum performance is achieved for the performance shares, the amounts for Acceleration of Equity would be (a) for ''For Good Reason or Not for Cause,'' $24,599,655 for Mr. Hemsley; $15,122,821 each for Mr. Wichmann and Ms. Boudreaux; $20,025,860 for Mr. Renfro; $6,879,223 for Ms. Sweere, and $15,218,356 for Mr. Welters; (b) for ''Death'' and ''Disability,'' $16,726,502 for Mr. Hemsley; $14,164,990 each for Mr. Wichmann and Ms. Boudreaux; $14,964,508 for Mr. Renfro; $4,982,236 for Ms. Sweere, and $10,504,575 for Mr. Welters; (c) for ''Retirement,'' $24,599,655 for Mr. Hemsley and $15,218,356 for Mr. Welters and (d) for ''Change in Control,'' $24,599,655 for Mr. Hemsley; $19,226,341 each for Mr. Wichmann and Ms. Boudreaux; $20,025,860 for Mr. Renfro; $7,231,678 for Ms. Sweere; and $15,218,356 for Mr. Welters.

For ''For Good Reason or Not for Cause,'' the amount includes the value of unvested equity awards held by the named executive officer that will not immediately vest upon termination but will continue to vest through any applicable severance. For ''Retirement,'' the amount includes the value of certain unvested equity awards granted in 2009 and 2010 that will continue to vest and be exercisable for a period of five years (but not after the award's expiration date). The value of the awards that will not immediately vest is based on their intrinsic values on December 31, 2012. However, because these awards would continue to vest after termination of employment or retirement, the actual value the named executive officer would receive is not determinable. At December 31, 2012, Mr. Hemsley and Mr. Welters had met the retirement eligibility provisions. Mr. Renfro's employment agreement as revised in 2012 provides that he will be deemed retirement eligible if he terminates employment for Good Reason or his employment is terminated by the Company without Cause.

(4) Does not include value of benefits, plans or arrangements that would be paid or available following termination of employment that do not discriminate in scope, terms or operation in favor of our executive officers and that are generally available to all salaried employees or accrued balances under any non-qualified deferred compensation plan that is described above.

PROPOSAL 2 — ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION

The Board of Directors recognizes the significant interest of shareholders in executive compensation matters. We are seeking shareholders' views on our executive compensation philosophy and practices through an advisory vote on the following resolution at the Annual Meeting:

> ''Resolved, that the shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosures.''

The Compensation Discussion and Analysis, the compensation tables and the related narrative disclosures appear on pages 16-48 of this proxy statement.

As discussed in the Compensation Discussion and Analysis, the Board of Directors believes that our executive compensation program attracts and retains highly qualified executives while linking executive compensation directly to Company-wide performance. In deciding how to vote on this proposal, the Board of Directors asks you to consider the following key points with regard to our executive compensation program:

- ***We achieved strong performance in 2012 despite challenging business conditions.***
  - 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.
- ***We pay for performance.*** A substantial portion of the total compensation of our executive officers is composed of annual and long-term incentive payments that require achievement of financial and non-financial outcomes that impact shareholder value.
- ***We reward long-term growth and sustained profitability.*** Compensation of our named executive officers is weighted heavily toward equity and long-term cash awards. In 2012, long-term (cash and equity) compensation represented approximately 70% of the total mix of compensation granted to named executive officers.
- ***We do not provide excise tax gross-ups or executive-only perquisites.*** We do not provide excise tax gross-ups or executive-only perquisites such as company cars, security systems, financial planning or vacation homes to our named executive officers.
- ***We use tally sheets when approving compensation.*** The Compensation Committee reviews tally sheet information for each of our named executive officers to more effectively analyze the amount of compensation each executive officer has accumulated to date and to fully understand the amount the executive officer could accumulate in the future.
- ***Our pay practices align with sound risk management.***
  - Our annual cash bonus program includes a variety of financial and non-financial measures that require substantial performance on a broad range of initiatives;
  - The Compensation Committee has capped the maximum amount of annual cash bonus and long-term cash bonus that can be earned under the respective plans;
  - Our equity awards in 2012 included a mix of RSUs and performance shares to encourage sustained performance over time;
  - We have stock ownership guidelines for our executive officers that require our CEO to own stock with a value of five times base salary and our other executive officers to own stock with a value of two times base salary. Our CEO, Mr. Hemsley, directly owned stock with a value of 108 times his base salary as of March 1, 2013;
  - We require our 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;
  - We prohibit all directors and employees from engaging in short sales and hedging transactions relating to our common stock and require advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management; and
  - We have a clawback policy that deters misconduct or fraudulent behavior by recouping the entire bonus paid, not just the amount that would not have been earned.
- ***We use an independent compensation consultant.*** Our compensation consultant reports directly to the Compensation Committee and does not perform any work for management.

This advisory proposal, commonly referred to as a ''say-on-pay'' proposal, is not binding on the Board of Directors. Although the voting results are not binding, the Board and the Compensation Committee will review and consider them when evaluating our executive compensation program. Our shareholders expressed strong support for our executive compensation program in the say-on-pay votes at our 2011 and 2012 Annual Meetings of Shareholders. The next say-on-pay advisory vote will occur at our 2014 Annual Meeting of Shareholders.

In addition to our annual advisory vote to approve the Company's executive compensation, we are committed to ongoing engagement with our shareholders on executive compensation and corporate governance issues. These engagement efforts take place throughout the year through meetings, telephone calls and correspondence involving our senior management, directors and representatives of our shareholders.

For these reasons, the Board of Directors recommends that you vote FOR approval of the compensation of the named executive officers, as disclosed in this proxy statement. Proxies will be voted FOR approval of the compensation of the named executive officers unless you specify otherwise.

DIRECTOR COMPENSATION

Our director compensation and benefit program is designed to compensate our non-employee directors fairly for work required for a company of our size and scope and to align their interests with the long-term interests of our shareholders. Director compensation reflects our desire to attract, retain and use the expertise of highly qualified people serving on the Company's Board of Directors. The Compensation Committee reviews the compensation level of our non-employee directors on an annual basis and makes recommendations to the Board of Directors. Mr. Hemsley and Dr. Bueno are employee directors and do not receive additional compensation for serving as a director.

The following table highlights the material elements of our director compensation program:

Compensation Element	Compensation Value
Annual Cash Retainer	$125,000
Annual Audit Committee Chair Cash Retainer	$ 15,000
Annual Compensation Committee Chair Cash Retainer	$ 15,000
Annual Nominating Committee Chair Cash Retainer	$ 10,000
Annual Public Policy Committee Chair Cash Retainer	$ 10,000
Annual Board Chair Cash Retainer	$300,000
Annual Equity Award	$150,000 aggregate fair value of deferred stock units
Initial Equity Award to New Directors	6,250 deferred stock units
Equity Conversion Program	Cash compensation converted into deferred stock units at the director's election

Cash Compensation

Director cash compensation is payable on a quarterly basis in arrears and prorated if the director did not serve the entire quarter. Directors may elect to convert cash compensation into equity or defer receipt of the cash compensation to a later date.

Equity-Based Compensation

Non-employee directors receive grants of deferred stock units under the 2011 Stock Incentive Plan. To continue to align the interests of directors with the long-term interests of our shareholders, each director is required to retain all deferred stock units granted until completion of his or her service on the Board of Directors. Upon completion of service, the deferred stock units convert to an equal number of shares of the Company's common stock. A director may defer receipt of the shares for up to ten years after completion of service.

Initial Equity Award

A new non-employee director receives an initial one-time grant of 6,250 deferred stock units on the date of the director's appointment to the Board of Directors. The new director award vests at a rate of 25% per year for four years, subject to continued service on the Board of Directors on the vesting date. Each director is required to retain the deferred stock units until completion of his or her service on the Board of Directors.

Annual Equity Award

Non-employee directors also receive an annual grant of deferred stock units having an annual aggregate fair value of $150,000. This grant is in consideration of general service and responsibilities and required meeting preparation. The grants are issued quarterly in arrears on the first business day following the end of each fiscal quarter and prorated if the director did not serve the entire quarter. The number of deferred stock units granted is determined by dividing $37,500 (the quarterly value of the annual equity award) by the closing stock price on the grant date, rounded up to the nearest share. These awards are vested immediately upon grant and must be held until the director's completion of his or her service on the Board of Directors.

Deferred Stock Unit Dividends

The Company pays dividend equivalents in the form of additional deferred stock units on all outstanding deferred stock units. Dividend equivalents are paid at the same rate and at the same time that dividends are paid to Company shareholders. The dividend equivalents are subject to the same vesting conditions as the underlying grant and must be held until the director's completion of his or her service on the Board of Directors.

Stock Ownership Guidelines

Under our stock ownership guidelines, we require non-employee directors to achieve ownership of shares of the Company's common stock (excluding stock options, but including vested deferred stock units and vested restricted stock units) having a fair market value equal to five times the directors' annual base cash retainer. Non-employee directors must comply with the stock ownership guidelines within five years of their appointment to the Board of Directors, other than directors serving when we last revised the guidelines in August 2010, who must comply with the new stock ownership guidelines by August 2015. All of our non-employee directors have met the stock ownership requirement.

Other Compensation

We reimburse directors for any out-of-pocket expenses incurred in connection with service as a director. We also provide health care coverage to directors but only if the director is not eligible for coverage under another group health care benefit program. Health care coverage is provided generally on the same terms and conditions as current employees. Upon retirement from the Board of Directors, current directors may continue to obtain health care coverage under benefit continuation coverage, and after the lapse of such coverage, under the Company's post-employment medical plan for up to a total of ninety-six months if they are otherwise eligible.

The Company maintains a program through which it will match up to $15,000 of charitable donations made by each director for each calendar year. The directors do not receive any financial benefit from this program because the charitable income tax deductions accrue solely to the Company. Donations under the program may not be made to family trusts, partnerships or similar organizations.

Equity Conversion Program

Directors may elect to convert any or all director cash compensation earned into deferred stock units, which must be held until completion of his or her service on the Board. The conversion grants are made on the day the eligible cash compensation becomes payable to the director and immediately vest upon grant. If a director elects to convert his or her cash compensation into deferred stock units, he or she receives the number of deferred stock units equal to the cash compensation foregone, divided by the closing price of our common stock on the date of grant, rounded up to the nearest share.

Cash Deferral Plan

Under our Directors' Compensation Deferral Plan (''Director Deferral Plan''), non-employee directors may elect annually to defer receipt of all or a percentage of their cash compensation. Amounts deferred are credited to a bookkeeping account maintained for each director participant that uses a collection of unaffiliated mutual funds as measuring investments. Subject to certain additional rules set forth in the Director Deferral Plan, a participating director may elect to receive the distribution in one of the following ways:

- an immediate lump sum upon the completion of his or her service on the Board of Directors;
- a series of five or ten annual installments following the completion of his or her service on the Board of Directors;
- a delayed lump sum following either the fifth or tenth anniversary of the completion of his or her service on the Board of Directors; or
- pre-selected amounts to be distributed on pre-selected dates while the director remains a member of our Board of Directors.

2012 Director Compensation Table

The following table provides summary information for the year ended December 31, 2012 relating to compensation paid to or accrued by us on behalf of our non-employee directors who served in this capacity during 2012:

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
William C. Ballard, Jr.	136,250	150,149	—	—	17,500	303,899
Richard T. Burke	425,000	150,149	—	—	26,031	601,180
Robert J. Darretta	125,000	150,065	—	—	2,500	277,565
Michele J. Hooper	135,000	150,149	—	—	17,465	302,614
Rodger A. Lawson	125,000	150,149	—	—	31,713	306,862
Douglas W. Leatherdale	140,000	150,149	—	—	17,500	307,649
Glenn M. Renwick	128,750	150,098	—	—	17,500	296,348
Kenneth I. Shine, M.D.	125,000	150,149	—	—	17,500	292,649
Gail R. Wilensky, Ph.D.	135,000	150,149	—	—	17,500	302,649

(1) Mr. Darretta and Mr. Renwick elected to convert 2012 cash compensation into 2,244 and 2,311 deferred stock units, respectively. Mr. Leatherdale elected to defer all 2012 cash compensation under the Director Deferral Plan.

(2) The amounts reported reflect the aggregate grant date fair value of the stock awards granted in 2012 computed in accordance with FASB ASC Topic 718, based on the closing stock price on the grant date. The amounts reported include for each director the aggregate grant date fair value of the annual equity award of deferred stock units granted in quarterly installments. The amounts reflect the value of fractional shares issued with the quarterly installments as we round grants of deferred stock units up to the nearest whole share. For Messrs. Darretta and Renwick, we combined the cash compensation they elected to convert into deferred stock units on a quarterly basis and the value of the quarterly deferred stock unit grant prior to determining the number of deferred stock units to be granted each quarter.

The aggregate grant date fair values of the stock awards granted in 2012 (including, for Messrs. Darretta and Renwick, the deferred stock units issued in lieu of cash compensation) computed in accordance with FASB ASC Topic 718, based on the closing stock price on the grant date, are as follows:

Name	January 3, 2012 ($)	April 2, 2012 ($)	July 2, 2012 ($)	October 1, 2012 ($)
William C. Ballard, Jr.	37,536	37,541	37,525	37,546
Richard T. Burke	37,536	37,541	37,525	37,546
Robert J. Darretta*	68,791	68,757	68,750	68,768
Michele J. Hooper	37,536	37,541	37,525	37,546
Rodger A. Lawson	37,536	37,541	37,525	37,546
Douglas W. Leatherdale	37,536	37,541	37,525	37,546
Glenn M. Renwick*	68,791	68,757	68,750	72,551
Kenneth I. Shine, M.D.	37,536	37,541	37,525	37,546
Gail R. Wilensky, Ph.D.	37,536	37,541	37,525	37,546

* Includes the value of deferred stock units issued upon conversion of annual cash retainer as described in footnote 1 above of $125,000 for Mr. Darretta and $128,750 for Mr. Renwick.

As of December 31, 2012, our non-employee directors held outstanding restricted stock unit awards and deferred stock unit awards as follows:

Name	Restricted Stock Units	Deferred Stock Units
William C. Ballard, Jr.	—	12,695
Richard T. Burke	—	12,695
Robert J. Darretta	3,125	20,919
Michele J. Hooper	6,250	12,695
Rodger A. Lawson	—	11,244
Douglas W. Leatherdale	—	12,695
Glenn M. Renwick	3,125	20,986
Kenneth I. Shine, M.D.	6,250	14,656
Gail R. Wilensky, Ph.D.	—	12,695

(3) The Company did not grant stock option awards to directors in 2012. As of December 31, 2012, our non-employee directors held outstanding (and unexercised) option awards as follows: Mr. Ballard — 183,000 options; Mr. Burke — 186,600 options; Mr. Darretta — 56,621 options; Ms. Hooper — 35,000 options; Mr. Leatherdale — 191,750 options; Mr. Renwick — 33,929 options; Dr. Shine — 2,500 options; and Dr. Wilensky — 197,060 options.

(4) The Director Deferral Plan does not credit above-market earnings or preferential earnings to the amounts deferred. There are no measuring investments tied to Company stock performance. The measuring investments are a collection of unaffiliated mutual funds identified by the Company.

(5) In 2012, the Company matched charitable contributions made by directors to charitable organizations selected by directors pursuant to the Company's Board Matching Program as follows: Mr. Ballard — $15,000; Mr. Burke — $15,000; Ms. Hooper — $14,475; Mr. Lawson — $15,000; Mr. Leatherdale — $15,000; Mr. Renwick — $15,000; Dr. Shine — $15,000; and Dr. Wilensky — $15,000. In 2012, the Company also made a $2,500 contribution to a charitable organization selected by each director in lieu of 2011 holiday gifts. We also paid $8,531, $490 and, $14,213 in health care premiums on behalf of Mr. Burke, Ms. Hooper and Mr. Lawson, respectively.