



Humana Acquires Anthem's TRICARE Contract, Nearly Doubling Its TRICARE Membership

April 19, 2001

LOUISVILLE, Ky., April 19 /PRNewswire/ -- Humana Inc. (NYSE: HUM) announced today that it has reached a definitive agreement with Anthem, Inc. (Anthem) to acquire all of the outstanding shares of common stock of the wholly owned subsidiary of Anthem responsible for administering TRICARE benefits to approximately 1,010,000 beneficiaries for Department of Defense (DoD) Health Services Regions 2 and 5 (including approximately 380,000 beneficiaries for which the company is not at risk).

The acquisition will bring Humana's TRICARE membership to more than two million. The transaction, which is subject to regulatory approval, is anticipated to close in May 2001. Terms of the transaction were not disclosed.

Humana expects the transaction to be flat to slightly accretive to earnings in 2001. Revenues associated with the contract are anticipated to add approximately \$365 million in 2001.

DoD Regions 2 and 5 encompass primarily nine states: Kentucky, Indiana, West Virginia, Ohio, Illinois, Wisconsin, Michigan, North Carolina, Virginia (excluding metropolitan Washington, DC) and metropolitan St. Louis, Missouri. Many of these states overlap Humana's core operational presence throughout the Midwest.

Humana Military Healthcare Services (HMHS), a wholly owned subsidiary of Humana, currently holds a similar contract with the DoD covering Regions 3 and 4 in the southeastern United States. The new business will report to HMHS. As both Anthem and HMHS use the same outside contractor for TRICARE back-office operations, no system platform conversion will be necessary.

"Growth is an integral part of Humana's strategy," said Michael B. McCallister, Humana's president and chief executive officer. "This acquisition increases our total medical membership by approximately 20 percent and focuses solely on a distinct business unit that provides solid contributions to Humana's profitability.

"We are pleased to execute a transaction that encompasses both ease of integration and boosts critical mass in key states. Our experience and success in administering TRICARE contracts is well recognized," said McCallister.

"HMHS has built a successful partnership with TRICARE beneficiaries and providers in the Southeast region, and we will maintain that same customer focus with our new partners in Regions 2 and 5," said David J. Baker, president and chief executive officer of HMHS. "We compliment Anthem on the foundation it has built in administering this contract, and we will work collaboratively with Anthem to ensure a seamless transition for beneficiaries, providers and military officials."

Humana Inc., headquartered in Louisville, Kentucky, is one of the nation's largest publicly traded health services companies, with approximately 5.3 million medical members located primarily in 15 states and Puerto Rico. Humana offers coordinated health benefits coverage through a variety of plans

- health maintenance organizations, preferred provider organizations and administrative service products -- to employer groups and government-sponsored plans.

More information regarding Humana is available via the Internet at www.humana.com, including:

- Copies of annual report to shareholders, Form 10-K, Form 10-Qs, and proxy statement;
- Copy of most recent investor presentation;
- Copies of quarterly earnings press releases;
- Audio archive of the most recent earnings release conference call;
- Calendar of events (includes upcoming earnings release date, related conference call access number, and planned participation in investor conferences).

This news release contains forward-looking statements. The forward-looking statements made in this news release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be significantly impacted by certain risks and uncertainties described in the following document, as filed with the Securities and Exchange Commission:

- Humana's Form 10-K for the year ended December 31, 2000 SOURCE Humana Inc.