

As filed with the Securities and Exchange Commission on February 2, 1994

Exhibit Index on Page No. II-8

Registration No. 33-49305

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO
FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

HUMANA INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

61-0647538
(I.R.S. Employee
Identification No.)

500 West Main Street
Louisville, Kentucky 40202
(Address of principal executive offices)

HUMANA RETIREMENT AND SAVINGS PLAN
(Full title of the plan)

Walter E. Neely, Esq.
Vice President, General Counsel,
and Secretary
Humana Inc.

500 West Main Street
Louisville, Kentucky 40202
(502) 580-1000

(Name, address and telephone number,
including area code, of agent for service)

Copy to:

William G. Strench, Esq.
Hirn Reed & Harper
2000 Meidinger Tower
Louisville, Kentucky 40202
(502) 585-2450

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Certain Documents by Reference.

The following documents filed by Humana Inc. (the "Registrant" or "Company") with the Securities and Exchange Commission (the "Commission") (File No. 1-5975) are incorporated herein by reference and made a part hereof:

- (a) The Registrant's Annual Report on Form 10-K for the fiscal

year ended August 31, 1992 (In light of the spinoff by Registrant of its hospital business and as a result of the accounting treatment of the spinoff, the financial statements included in such 10-K are expressly not incorporated by reference herein. See Item 3(g) for Registrant's Financial Statements.);

(b) The Humana Thrift Plan Annual Report on Form 11-K for the fiscal year ended August 31, 1992 and the Transition Report on Form 11-K for the transition period from September 1, 1992 to February 28, 1993 filed by the Humana Retirement and Savings Plan (the "Plan") as successor by merger of the Humana Thrift Plan and the Humana Basic Retirement Plan.

(c) The Registrant's Quarterly Report on Form 10-Q for the quarters ended November 30, 1992 (In light of the spinoff by Registrant of its hospital business and as a result of the accounting treatment of the spinoff, the financial statements included in such 10-Q are expressly not incorporated by reference herein.), March 31, 1993, June 30, 1993, September 30, 1993, and the Transition Report on Form 10-Q for the period September 1, 1992 to December 31, 1992;

(d) The Registrant's Current Reports on Form 8-K dated October 20, 1992, November 13, 1992, December 7, 1992, February 18, 1993 and September 1, 1993;

(e) The description of the Registrant's Common Stock, par value \$.16-2/3 per share (the "Common Stock") contained in the Registrant's Registration Statement on Form 8-A, as such description may be amended or updated.

(f) The Registrant's Proxy Statement dated January 22, 1993 ("Proxy Statement") filed with the Securities and Exchange Commission on January 25, 1993, pursuant to Rule 14a-6(c) promulgated under the Securities Exchange Act of 1934, as amended, and incorporated by reference as Exhibit 28(a) into the Registrant's Current Report on Form 8-K dated February 18, 1993; and

(g) The audited consolidated financial statements as of August 31, 1992 and August 31, 1991 and the three years ended August 31, 1992 (including the notes thereto) of the Registrant (captioned in the Proxy Statement as the financial statements of Humana Health Plans), attached hereto as Exhibit 99.

All documents subsequently filed by the Registrant and the Plan pursuant to Sections 13, 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment to this registration statement which indicates that all of the securities offered have been sold or which deregisters all of such shares then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or

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deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

Item 5. Interests of Named Experts and Counsel.

Certain legal matters in connection with the Common Stock offered in connection with the Company's Plan are being passed upon by Hirn Reed & Harper. Certain members of the firm own Common Stock of the Registrant, however, in the aggregate, it is less than 1% of the Common Stock outstanding.

Item 6. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law ("GCL") permits a Delaware corporation to indemnify any person who was or is, or is threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, such person had no reasonable cause to believe the conduct was unlawful. A Delaware corporation may indemnify such persons in actions brought by or in the right of the corporation to procure a judgment in its favor under the same conditions, except that no indemnification is permitted in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation unless and to the extent the Court of Chancery of the State of Delaware, or the court in which such action or suit is brought, determines upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Chancery or other such court deems proper. To the extent such person has been successful on the merits or otherwise in defense of any action referred to above, or in defense of any claim, issue or matter therein, the corporation must indemnify such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith. Corporations, under certain circumstances, may pay expenses incurred by an officer or director in advance of the final disposition of an action for which indemnification may be permitted or required. The indemnification and advancement of expenses provided for or granted pursuant to Section 145 of the GCL are not exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise. Section 145 further provides that a corporation may maintain insurance against liabilities for which indemnification is not expressly provided by statute.

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Article X of the Company's By-Laws essentially provides for the indemnification of directors, officers, employees and agents of the Company to the fullest extent authorized under Delaware law.

The Tenth Article of the Company's Restated Certificate of Incorporation provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware GCL, or (iv) for any transaction from which the director derived an improper personal benefit.

The Company has in effect officers and directors liability insurance policies with various insurance companies. The policies provide indemnity to the directors and officers of the Company for loss arising from claims concerning a covered wrongful act where there is no corporate indemnification. The insurance will also reimburse the Company for indemnification it may be required by statute or the Company's By-laws to make to any of its directors and officers in connection with a claim by reason of a wrongful act. The policy covers negligent acts, errors, omissions, or breach of duty by a director or officer. The principal exclusions from coverage include the following: (i) claims involving violations of Section 16(b) of the Securities Exchange Act of 1934; (ii) dishonest acts; and (iii) libel, slander or non-monetary damages. The policy provides for a \$500,000 deductible self-insurance retention by the Company. The limit of liability under the policies is \$60,000,000 in the aggregate annually for coverage in excess of deductibles and participations.

The Company has entered into Indemnity Agreements (the "Agreements") with its directors and officers ("Indemnitees"), whereby the Company will indemnify such parties and advance expenses to the fullest extent permitted by Delaware law.

An Indemnitee will not be entitled to indemnification or advancement of expenses under the Agreements with respect to any proceeding or claim brought or made by the Indemnitee against the Company. If the Indemnitee is not entitled to indemnification of all expenses, he or she may still be indemnified for a portion of the expenses. The determination of entitlement to indemnification under the Agreements will be made by a majority of a quorum of disinterested directors, independent counsel or by the stockholders of the Company. In the event of a change in control of the Company (as defined in the Agreements), the determination of entitlement will be made, if the Indemnitee so elects, by an independent counsel selected by the Indemnitee, and the Company will have the burden of proof to overcome a presumption that the Indemnitee is entitled to indemnification.

The Agreements further provide that to the extent the Company maintains a liability insurance policy for directors, officers, employees, agents or fiduciaries, the Indemnitee will be covered by such policy in accordance with its terms to the maximum extent of the coverage available for any such officer, director, employee, agent or fiduciary under the policy. The Agreements will terminate upon the later of: (a) 10 years after the date the Indemnitee ceases to serve; or (b) the final termination of all pending proceedings covered thereunder.

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Item 8. Exhibits.

The Exhibit Index immediately preceding the exhibits is incorporated herein by reference.

The Registrant undertakes to submit the Plan and any amendments thereto to the Internal Revenue Service ("IRS") in a timely manner and will make all changes required by the IRS in order to qualify the Plan.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) The undersigned hereby undertakes that, where applicable, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities

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Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Registrant of expenses incurred or paid by a director, officer or controlling person of Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to Form S-8 Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Louisville, Commonwealth of Kentucky, on the 2nd day of February, 1994.

HUMANA INC.

By: WALTER E. NEELY
Walter E. Neely
Vice President, General Counsel
and Secretary

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POWER OF ATTORNEY

Know All Men By These Presents, that each person whose signature appears below constitutes and appoints Walter E. Neely, James E. Murray and Martha E. Clark, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all Amendments (including Post-Effective Amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-effective Amendment No. 1 to Form S-8 Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

BY: *
David A. Jones
Chairman of the Board,
Chief Executive Officer
(Principal Executive Officer) and
Director
DATE: February 2, 1994

BY: *
Wayne T. Smith
President, Chief Operating Officer
and Director
DATE: February 2, 1994

BY: *
W. Roger Drury
Chief Financial Officer
(Principal Financial Officer)
DATE: February 2, 1994

BY: *
James E. Murray
Vice President and Controller
(Principal Accounting Officer)
DATE: February 2, 1994

BY: *
K. Frank Austen, M.D.
Director
DATE: February 2, 1994

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BY: *
Michael E. Gellert
Director
DATE: February 2, 1994

BY: *
David A. Jones, Jr.
Director
DATE: February 2, 1994

BY: W. Ann Reynolds, Ph.D. *
Director
DATE: February 2, 1994

BY: John R. Hall *
Director
February 2, 1994

BY: Irwin Lerner *
Director
February 2, 1994

*By: WALTER E. NEELY
Walter E. Neely
Attorney-in-Fact
February 2, 1994

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- 4.(i) - Restated Certificate of Incorporation filed with the Secretary of State of Delaware on November 9, 1989, as restated pursuant to Item 102(c) of Regulation S-T to incorporate the amendments set forth in Certificate of Amendment of Restated Certificate of Incorporation filed with the Secretary of State of Delaware on January 9, 1992 and the correction set forth in Certificate of Correction Filed to Correct a Certain Error in the Certificate of Restated Certificate of Incorporation of Humana Inc. Filed in the Office of the Secretary of State of Delaware on November 9, 1989, filed with the Secretary of State of Delaware on March 23, 1992.
- 4.(ii) - By-laws as amended. Exhibit 3(b)(2) to the Company's Current Report on Form 8-K (File No. 1-5975) filed March 5, 1993 is incorporated by reference herein.
- * 4.(iii) - Form of Humana Retirement and Savings Plan.
- 4.(iv) - First and Second Amendments to the Humana Retirement and Savings Plan.
- * 4.(v) - Form of Humana Retirement and Savings Trust.
- 4.(vi) - First Amendment to the Humana Retirement and Savings Plan Trust.
- 4.(vii) - Form of Rights Agreement dated March 5, 1987 between Humana Inc. and Mid-America Bank of Louisville and Trust Company (the "Rights Agreement"). Exhibit 1 to the Form SE for the Registration Statement (File No. 1-5975) on Form 8-A dated March 9, 1987 is incorporated by reference herein.
- 4.(viii) - Amendment No. 1, dated December 7, 1992, to the Rights Agreement. Exhibit 1.1 to the Company's Form 8 (File No. 1-5975) filed December 16, 1992 is incorporated herein by reference.
- 4.(ix) - Amendment No. 2, dated March 2, 1993, to the Rights Agreement. Exhibit 1.2 to the Company's Form 8 (File No. 1-5975) filed March 2, 1993 is incorporated herein by reference.
- * 5 - Opinion of Hirn Reed & Harper, counsel to the Registrant,

as to the validity of the securities registered herein.

- * 23.(i) - Consent of Hirn Reed & Harper, counsel to the Registrant, included in 5 above.
- 23.(ii) - Consent of Coopers & Lybrand, independent auditor for the Registrant.
- * 24 - Powers of Attorney for directors and certain officers of the Registrant as of January 22, 1993 (included on the signature page of this Registration Statement).
- 24.(i) - Powers of Attorney of David A. Jones, Jr., Irwin Lerner and James E. Murray.
- 99 - Audited consolidated financial statements of Humana Health Plans.

[FN]

<F1> *Previously filed.

RESTATED CERTIFICATE OF INCORPORATION
OF
HUMANA INC.

(Includes subsequent Certificate of Amendment and Certificate of Correction)

HUMANA INC., (originally Heritage House of America Inc. and formerly Extendicare, Inc.), a corporation organized and existing under and by virtue of the laws of the State of Delaware, the original Certificate of Incorporation of which was filed in the office of the Secretary of State of Delaware on July 27, 1964 and recorded in the office of the Recorder of Deeds for New Castle County, State of Delaware, on July 28, 1964, and has heretofore been amended and restated from time to time, does hereby certify:

That at a regular meeting of the Board of Directors of the above corporation held on the 2nd day of November, A.D. 1989, in the City of Louisville, State of Kentucky, for the consideration of the restatement of the Certificate of Incorporation as hereinafter set forth, and the directors having voted in favor thereof, the following Restated Certificate of Incorporation, which only restates and integrates and does not further amend the provisions of the corporation's Certificate of Incorporation as theretofore amended, supplemented or restated, there

being no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation, was duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware.

FIRST: The name of this corporation is HUMANA INC.

SECOND: The location of its principal office in the State of Delaware is located at One Rodney Square, 10th and King Streets, in the City of Wilmington, New Castle County, Delaware 19801, and the name and address of its Resident Agent is Richard J. Abrams, One Rodney Square, 10th and King Streets, Wilmington, Delaware 19801.

THIRD: The nature of the business and the objects and purposes proposed to be transacted, promoted and carried on are to do any and all things herein mentioned as fully and to the same extent as natural persons might or could do, and in any part of the world, viz.,

(a) To acquire by construction, purchase, exchange or other means, and thereafter to own, maintain, operate and carry on, or to sell or otherwise dispose of, sanitariums, nursing homes, rest homes, convalescence homes, and other establishments suitable for the care and treatment of elderly, disabled, or convalescent persons.

(b) To adopt, apply for, obtain, register, purchase, lease or otherwise acquire, and to maintain, protect, hold, use, own, exercise, develop, operate and introduce, and to sell, lease or grant licenses, franchises, or other rights in respect of, and assign, pledge or otherwise dispose of or turn to account, any trademarks, trade names, patents, patent rights, copyrights, and distinctive marks and rights analogous thereto, and invention, improvements, processes, formulae and the like, including such thereof as may be covered by, used in connection with, or secured or received under Letters Patent of the United States of America or elsewhere, or otherwise, which may be deemed capable of use in connection with any of the purposes of the corporation herein stated; and to acquire, use, exercise or otherwise turn to account licenses in respect of any such trademarks, trade names, patents, patent rights, copyrights, inventions, improvements, processes, formulae and the like.

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(c) To carry on the business of providing administrative, financial, development, promotion, supervisory, management, technical and other services to business of all kinds, on a fee, commission, franchise, rental, sale or other basis.

(d) To engage in manufacturing, processing, buying, selling,

leasing, and otherwise producing, investing or dealing in any product or article of commerce, or any goods, wares, merchandise, and real or personal property, of every class and description whatsoever, in any part of the world.

(e) To acquire by purchase, subscription or otherwise, to hold, mortgage or pledge, sell, assign, transfer, exchange or otherwise dispose of shares of the capital stock of, or voting trust certificates for shares of the capital stock of, and any bonds and other securities or evidences of indebtedness created by, any other corporation or corporations organized under the laws of the State of Delaware or of any other state, or of any country, nation or subdivision thereof, or government, and to pay therefor, in whole or in part, with cash or other property or with shares of the capital stock, bonds or other obligations of this corporation, and, while the owner or holder of any such shares of the capital stock, or voting trust certificates for shares of the capital stock, or bonds, or other securities or indebtedness of any such other corporation or corporations, to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including the right to vote thereon and to consent in respect thereof for any and all purposes.

(f) To acquire all or any part of the good will, rights, property and business of any person, firm, trust, association or corporation heretofore or hereafter created, to pay for the same in cash or in stock or bonds of this corporation or otherwise, to hold, utilize, and in any manner dispose of the whole or any part of the rights and property so acquired, assume in connection therewith any liabilities of any such person, firm, trust, association or corporation and conduct in any lawful manner the whole or any part of the business thus acquired.

(g) To aid by loan, guaranty, subsidy or in any other manner whatsoever, insofar as may be permitted by law, any person, association, partnership, corporation or corporations, organized under the laws in the State of Delaware or of any other state, or of any country, nation or government, any shares of the capital stock, or voting trust certificates for shares of the capital stock, or bonds, or other securities or evidences of indebtedness of which shall be held by or for the corporation, or in which, or in the welfare of which, the corporation shall have any interest, and to do any acts or things designed to protect, preserve, improve or enhance the value of any such shares, voting trust certificates, bonds, or interest, or other securities or evidences of indebtedness, and to do any and all acts designed to accomplish any such purpose.

(h) To guarantee the payments of dividends upon, or any sinking fund payments in respect of, any shares of the capital stock, or the payment of the principal of, or interest on, or sinking fund payments in respect of, any bonds or other securities or evidences of indebtedness, or the performance of any contract, of any other corporation, trust or association insofar as and to the extent that a guaranty in respect thereof by the corporation may be permitted by law.

(i) To enter into, make and perform contracts of every sort and description with any person, firm, trust, association, corporation, municipality, body politic, county, state or government or colony or dependency thereof.

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(j) To purchase, hold, cancel, reissue, sell or transfer shares of its own capital stock, provided that it shall not use its funds or property for the purchase of shares of its own capital stock when such use would cause any impairment of its capital, and further, that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly.

(k) In general, to carry on any business not contrary to the laws of the State of Delaware.

(l) To make donations for the public welfare or for charitable, scientific or educational purposes.

(m) To conduct its business, without restriction or limit as

to amount, in all or any of its branches in the State of Delaware and in any or all other states, territories, possessions, colonies, and dependencies of the United States of America, and in the District of Columbia, and in any or all foreign countries to have one or more offices within and outside the State of Delaware; and to purchase, take on lease or otherwise acquire, own, hold, develop, operate, lease, mortgage or pledge, sell, assign, transfer, exchange, or otherwise dispose of or turn to account, and convey real and personal property of every class and description or any interest therein, including without limitation developed or undeveloped mineral properties and any and all types of interests therein anywhere in the world.

(n) To carry out all or any part of the foregoing objects and purposes as principal, agent, contractor, or otherwise, either alone or in conjunction (including partnership) with any person, firm, trust, association or other corporation, and in any part of the world; and, in carrying on its business and for the purpose of attaining or furthering any of its objects or purposes, to make and perform contracts of any kind and description, to do such acts and things and to exercise any and all such powers, as a natural person could lawfully make, perform, do or exercise, provided that the same be not inconsistent with the laws of the State of Delaware.

(o) To do any and all things necessary, suitable, convenient or proper for, or in connection with, or incidental to, the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or designed directly or indirectly to promote the interests of the corporation, or to enhance the value of any of its properties; and in general to do any and all things and exercise any and all powers which it may now or hereafter be lawful for the corporation to do or to exercise under the laws of the State of Delaware that may now or hereafter be applicable to the corporation.

It is the intention that, except where otherwise expressed in this Article THIRD, the objects and purposes specified in any of the forgoing clauses of this Article shall not in anywise be limited or restricted by reference to, or inference from, the terms of any other clause of this Article or of any other Article of this Certificate of Incorporation, but that the objects and purposes specified in each of the clauses of this Article shall be regarded as independent objects and purposes.

It is also the intention that said clauses be construed as powers as well as objects and purposes; and, generally, that the corporation shall be authorized to exercise and enjoy all other powers, rights and privileges granted by the laws of the State of Delaware to corporations organized thereunder, and the enumeration herein of certain powers is not intended as exclusive of, or a waiver of, any of the powers, rights or

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privileges granted or conferred by said laws now or hereafter in force; provided, however, that the corporation shall not carry on any business nor exercise any powers in any state, district, territory, possession or country which a corporation organized under the laws of such state, district, territory, possession or country could not carry on or exercise, except to the extent permitted or authorized by the laws of such state, district, territory, possession or country.

FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is Three Hundred Ten Million (310,000,000) shares aggregating a total amount of Sixty Million Dollars (\$60,000,000.00), which shall be divided into two classes as follows:

Three Hundred Million (300,000,000) shares of Common Stock having a par value of Sixteen and Two-Thirds Cents (\$.16-2/3) per share, aggregating a total amount of Fifty Million Dollars (\$50,000,000.00);

Ten Million (10,000,000) shares of Preferred Stock, each of which shall have a par value of One Dollar (\$1.00) per share, aggregating a total amount of Ten Million Dollars (\$10,000,000.00).

The amount of capital with which the corporation shall commence business is the sum of One Thousand Dollars (\$1,000.00).

The designations, voting powers, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions of the above classes of stock shall be as follows:

(a) The Board of Directors is authorized to issue shares of Preferred Stock, from time to time, in such class or classes, and such series within any class, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors, and as are not stated or expressed in this Certificate of Incorporation or any amendment thereto including, but not limited to, determination of any of the following:

(1) The distinctive serial designation and the number of shares constituting a series;

(2) The dividend rate or rates, whether dividends shall be cumulative and, if so, from what date, the payment date or dates for dividends, and the participating or other special rights, if any, with respect to dividends;

(3) The voting powers, full or limited, if any, of the shares of such series;

(4) Whether the shares shall be redeemable and, if so, the price or prices at which, and the terms and conditions on which, the shares may be redeemed;

(5) The amount or amounts payable upon the shares in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation prior to any payment or distribution of the assets of the corporation to any class or classes of stock of the corporation ranking junior to the Preferred Stock;

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(6) Whether the shares shall be entitled to the benefit of a sinking or retirement fund to be applied to the purchase or redemption of shares of a series and, if so entitled, the amount of such fund and the manner of its application, including the price or prices at which the shares may be redeemed or purchased through the application of such fund;

(7) Whether the shares shall be convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the corporation or any other corporation, and if so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and the adjustments thereof, if any, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange; and

(8) Any other preferences, privileges and powers, and relative, participating, optional, or other special rights, and qualifications, limitations or restrictions of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of the Certificate of Incorporation.

(b) Subject to the preferential rights of the Preferred Stock, the holders of the Common Stock shall be entitled to receive, to the extent permitted by law, such dividends as may be declared from time to time by the Board of Directors. Except as may be otherwise required by law or this Certificate of Incorporation, each holder of Common Stock shall have one vote in respect of each share of stock held by him of record on the books of the corporation on all matter voted upon by the stockholders.

(c) Subject to the protective conditions and restrictions of

any outstanding Preferred Stock, any amendment to this Certificate of Incorporation which shall increase or decrease the authorized capital stock of any class or classes may be adopted by the affirmative vote of the holders of a majority of the outstanding shares of the voting stock of the corporation.

(d) No holder of Preferred or Common Stock shall have any right as such holder to purchase or subscribe for any security of the corporation now or hereafter authorized or issued. All such securities may be issued and disposed of by the Board of Directors to such persons, firms, corporations and associations for such lawful considerations, and on such terms, as the Board of Directors in its discretion may determine, without first offering the same, or any part thereof, to the holders of Preferred or Common Stock.

(e) There is hereby created a series of Preferred Stock, par value \$1.00 per share out of the authorized but unissued shares of the capital stock of the corporation, to be designated "Series A Participating Preferred Stock" ("Participating Preferred Stock") to consist of 2,500,000 shares, of which the preferences and relative and other rights, and the qualifications, limitations or restrictions thereof, shall be as follows:

1. Future Increase or Decrease. Subject to paragraph 4(e) of this resolution, the number of shares of said series may at any time or from time to time be increased or decrease by the Board of Directors notwithstanding that shares of such series may be outstanding at such time of increase or decrease.

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2. Dividend Rate. (a) The holders of shares of Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of each November, February, May and August in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$20 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value \$.16 2/3 per share, of the corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Participating Preferred Stock. In the event the corporation shall at any time after March 5, 1987 (the "Rights Declaration Date") (i) declare any dividend on Common Stock, payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) On or after the first issuance of any share or fractional share of Participating Preferred Stock, no dividend on Common Stock shall be declared unless concurrently therewith a dividend or distribution is declared on the Participating Preferred Stock as provided in paragraph (a) above; and the declaration of any such dividend on the Common Stock shall be expressly conditioned upon payment or declaration of the provision for a dividend on the Participating Preferred Stock as above provided. In the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$20 per share on the Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend

Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. The Board of Directors may fix a record date for the determination of holders of shares of Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

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3. Dissolution, Liquidation and Winding Up.

(a) In the event of any voluntary or involuntary dissolution, liquidation or winding up of the affairs of the corporation (hereinafter referred to as a "Liquidation"), the holders of Participating Preferred Stock shall receive at least \$1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Participating Preferred Stock shall be entitled to receive at least an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock (the "Participating Preferred Liquidation Preference").

(b) In the event the corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount which holders of Participating Preferred Stock were entitled immediately prior to such event pursuant to the provision set forth in paragraph (a) above, shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

4. Voting Rights. The holders of shares of Participating Preferred Stock shall have the following voting rights:

(a) Each share of Participating Preferred Stock shall entitle the holder thereof to one (1) vote on all matters submitted to vote of the stockholders of the Company.

(b) Except as otherwise provided herein, or by law, the Certificate of Incorporation or the By-Laws, the holders of shares of Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

(c) If and whenever dividends on the Participating Preferred Stock shall be in arrears in an amount equal to six quarterly dividend payments, then and in such event the holders of the Participating Preferred Stock, voting separately as a class (subject to the provisions of subparagraph (d) below), shall be entitled at the next annual meeting of the stockholders or at any special meeting to elect two (2) directors. Each share of Participating Preferred Stock shall be entitled to one vote, and holders of fractional shares shall have the right to a fractional vote. Upon election, such directors shall become additional directors of the corporation and the authorized number of directors of the corporation

shall thereupon be automatically increased by such number of directors. Such right of the holders of Participating Preferred Stock to elect directors may be exercised until all dividends in default on the Participating Preferred Stock shall have been paid in full, and dividends for the current dividend period declared and funds therefor set apart, and when so paid and set apart, the right of the holders of Participating Preferred Stock to elect such number of directors shall cease, the term of such directors shall thereupon terminate, and the authorized number of directors of the corporation shall thereupon return to the number of

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authorized directors otherwise in effect, but subject always to the same provisions for the vesting of such special voting rights in the case of any such future dividend default or defaults. The fact that dividends have been paid and set apart as required by the preceding sentence shall be evidenced by a certificate executed by the President and the chief financial officer of the corporation and delivered to the Board of Directors. The directors so elected by holders of Participating Preferred Stock shall serve until the certificate described in the preceding sentence shall have been delivered to the Board of Directors or until their respective successors shall be elected or appointed and qualify.

At any time when such special voting rights have been so vested in the holders of the Participating Preferred Stock, the Secretary of the corporation may, and upon the written request of the holders of record of 10% or more of the number of shares of the Participating Preferred Stock then outstanding addressed to such Secretary at the principal office of the corporation in the Commonwealth of Kentucky, shall, call a special meeting of the holders of the Participating Preferred Stock for the election of the directors to be elected by them as hereinabove provided, to be held in the case of such written request within forty (40) days after delivery of such request, and in either case to be held at the place and upon the notice provided by law and in the corporation's By-Laws for the holding of meetings of stockholders; provided, however, that the Secretary shall not be required to call such a special meeting (i) if any such request is received less than ninety (90) days before the date fixed for the next ensuing annual or special meeting of stockholders or (ii) if at the time any such request is received, the holders of Participating Preferred Stock are not entitled to elect such directors by reason of the occurrence of an event specified in the third sentence of subparagraph (d) below.

(d) If, at any time when the holders of Participating Preferred Stock are entitled to elect directors pursuant to the foregoing provisions of this paragraph 4, the holders of any one or more additional series of Preferred Stock are entitled to elect directors by reason of any default or event specified in the corporation's Restated Certificate of Incorporation, as amended, as in effect at the time of the certificate of designation for such series, and if the terms for such other additional series so permit, the voting rights of the two or more series then entitled to vote shall be combined (with each series having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Participating Preferred Stock and of all such other series then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other series have elected such directors prior to the happening of the default or event permitting the holders of Participating Preferred Stock to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the corporation from the holders of not less than 10% of the then outstanding shares of Participating Preferred Stock, then such directors so previously elected will be deemed to have been elected by and on behalf of the holders of Participating Preferred Stock as well as such other series, without prejudice to the right of the holders of Participating Preferred Stock to vote for directors if such previously elected directors shall resign, cease to serve or fail to stand for reelection while the holders of Participating Preferred Stock are entitled to vote. If the holders of any such other series are entitled to elect in excess of two (2) directors, the Participating Preferred Stock shall not participate in the election of more than two (2) such directors, and those directors whose terms first expire shall be deemed to be the directors elected by the holders of

Participating Preferred Stock; provided that, if at the expiration of such

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terms the holders of Participating Preferred Stock are entitled to vote in the election of directors pursuant to the provisions of this paragraph 4, then the Secretary of the corporation shall call a meeting (which meeting may be the annual meeting or special meeting of stockholders referred to in subparagraph (c)) of holders of Participating Preferred Stock for the purpose of electing replacement directors (in accordance with the provisions of this subparagraph 4) to be held on or prior to the time of expiration of the expiring terms referred to above.

(e) Except as otherwise set forth herein or required by law, the corporation's Restated Certificate of Incorporation or By-Laws, holders of Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action. No consent of the holders of outstanding shares of Participating Preferred Stock at any time outstanding shall be required in order to permit the Board of Directors to: (i) increase the number of authorized shares of Participating Preferred Stock or to decrease such number to a number not below the sum of the number of shares of Participating Preferred Stock then outstanding and the number of shares with respect to which there are outstanding rights to purchase; or (ii) to issue Preferred Stock which is senior to the Participating Preferred Stock, junior to the Participating Preferred Stock or on a parity with the Participating Preferred Stock.

5. Redemption. The shares of Participating Preferred Stock shall not be redeemable.

6. Conversion Rights. The Participating Preferred Stock is not convertible into Common Stock or any other security of the corporation.

FIFTH: This corporation is to have perpetual existence.

SIXTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatsoever.

SEVENTH: In the absence of fraud, no contract or transaction between the corporation and any other corporation, association or firm, and no act of the corporation, shall in any way be affected or invalidated by the fact that any of the directors or officers of the corporation is in anywise, pecuniarily or otherwise, interested in, or is a shareholder, director, officer or member of, or is otherwise connected with, such other corporation, association or firm. A director or officer of the corporation shall not be disqualified by his office from dealing or contracting with the corporation, either as vendor, purchaser or otherwise; and any director or officer of the corporation, or any firm, corporation or association of which any director or officer is a member, shareholder, director or officer or with which he is otherwise connected, may, in the absence of fraud, be a party to, or pecuniarily or otherwise interested in, any contract or transaction of the corporation; nor shall any such officer or directors, in the absence of fraud, be liable to account to the corporation for any profits realized by, from, through or as a result of any such contract or transaction.

EIGHTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provisions of Title 8, Section

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291 of the Revised Code of 1953 of said State, or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of the General Corporation

Law of the State of Delaware, order a meeting of the creditors or class of creditors and/or of the stockholders or class of stockholders, of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders, of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

NINTH: The following provisions are hereby adopted for the regulation and management of the business and the conduct of the affairs of the corporation and for the purposes of creating, limiting, defining and regulating the rights and powers of the directors and of the stockholders, viz.:

(a) The Board of Directors at any regular or special meeting, and the stockholders at any annual meeting, shall have the power to make, alter, amend and repeal the By-Laws of the corporation, provided, however, that By-Laws made or adopted by the Stockholders pursuant to the powers reserved to Stockholders in the Certificate of Incorporation shall not be subject to alteration or repeal by the Board of Directors, and provided further that the Board of Directors or the Stockholders shall not have authority to authorize the election of directors of the corporation by cumulative voting, or to classify the directors by terms differing in dates of expiration, unless by unanimous approval of the Stockholders of the corporation.

(b) The Board of Directors shall have the power to fix, from time to time, the amount of the accumulated profits of the corporation to be reserved as working capital or for any other lawful purpose.

(c) The Board of Directors shall have the power to determine, from time to time, whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any rights to inspect any account or book or document of the corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or stockholders of the corporation.

(d) The Board of Directors shall have power, without the assent or vote of the stockholders, to authorize and to cause to be executed mortgage and liens upon the real and personal property of the corporation, including after-acquired property.

(e) The Board of Directors shall have power at any time or from time to time (without any action by the stockholders of the corporation) to create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the corporation, rights, options or warrants entitling the holders thereof to purchase from the corporation any shares of its capital stock of any class or classes or of any series of any class or classes, such rights, options

or warrants to be evidenced by or in such instrument or instruments as shall be approved by the Board of Directors. The terms upon which, the time or times, which may be limited or unlimited in duration, at or within which, and the price or prices at which any such shares may be purchased from the corporation upon the exercise of any such right, option, or warrant shall be such as shall be fixed and stated in the resolution or resolutions adopted by the Board of Directors providing for the creation and issue of such rights, options, or warrants and, in every case, set forth or incorporated by reference in the instrument or instruments evidencing such rights, options or warrants. In the absence of actual fraud in the transaction, the judgment of the directors as to the consideration for the issuance of such rights, options or warrants and the

sufficiency thereof shall be conclusive.

(f) Shares of capital stock of the corporation of any class or classes hereby or hereafter authorized, and any rights, options or warrants entitling the holders thereof to purchase from the corporation any shares of its capital stock of any class or classes or of any series of any class or classes, may be issued by the corporation from time to time for such legal consideration as may be fixed from time to time by the Board of Directors. The Board of Directors shall have authority, as provided by statute, to determine that only a part of the consideration which shall be received by the corporation for any of the shares of its capital stock which it shall issue from time to time shall be capital.

(g) The Board of Directors shall have the power to determine from time to time the use and disposition of any surplus or net profits over and above the paid in capital stock of the corporation, and the Board of Directors in its discretion may use and apply any such surplus or accumulated profits, or any part thereof, in purchasing or acquiring any bonds or other obligations or shares of the capital stock of the corporation, to such extent, in such manner and upon such terms as the Board may deem expedient. Shares of the capital stock of the corporation so purchased or acquired may be resold unless such shares shall have been retired for the purpose of decreasing the corporation's capital stock as provided by law.

(h) Elections shall be by ballot whenever requested by any person entitled to vote, but unless so requested may be conducted in any way approved at the meeting of the stockholders at which such election is held.

(i) The stockholders shall have the power to hold their meeting within or without the State of Delaware at such places as from time to time may be designated by the By-Laws or as therein provided; and the Board of Directors shall have power to hold its meetings at such places whether within or without said State as from time to time shall be designated by resolution of the Board of Directors.

(j) The corporation shall have power, subject to the provisions of the laws of the State of Delaware and of the By-Laws of the corporation to keep the books of the corporation outside of said State at such places as may from time to time be designated by resolution of the Board of Directors.

(k) The Board of Directors may, by resolution passed by a majority of the whole Board, designate two or more of their number to constitute an Executive Committee, who, to the extent provided in said resolution or in the By-Laws of the corporation, shall have and exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, including the power to authorize the seal of the corporation to be affixed to all papers which may require it.

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(l) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the corporation; subject, nevertheless, to the provisions of the laws of the State of Delaware, of this Certificate, and of the By-Laws of the corporation.

(m) The corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in which share, right or option on the part of any other person, whether or not the corporation shall have notice thereof, save as may be expressly provided by the laws of the State of Delaware.

(n) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the corporation; subject, nevertheless, to the provisions of the laws of the State of Delaware, of this Certificate and

of the By-Laws of the corporation.

TENTH: A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

ELEVENTH: Except as otherwise set forth elsewhere in this Eleventh Article the affirmative vote of three-fourths of the outstanding shares entitled to vote thereon shall be required: (a) for the adoption of any agreement for the merger or consolidation of the corporation with or into a related company or an affiliate of a related company, (b) to authorize the sale or lease of all or substantially all of the assets of the corporation to a related company or affiliate of a related company, or (c) to authorize the sale or lease to the corporation or any subsidiary of any assets of a related company or an affiliate of a related company in exchange for equity securities of the corporation.

A determination of the Board of Directors of the corporation, based on information known to the Board of Directors and made in good faith, shall be conclusive as to whether a company, person or other entity is a related company, an affiliate or an associate and whether a related person or affiliate thereof beneficially owns more than 5% of any class of equity securities of the corporation.

The provisions of this Eleventh Article shall not be applicable to any (i) merger or consolidation of the corporation with or into a related person or affiliate thereof, (ii) sale or lease of all or any substantial part of the assets of the corporation to a related person or affiliate thereof, or (iii) sale or lease of any assets of a related person or affiliate thereof to the corporation or any subsidiary in exchange for equity securities of the corporation, if the Board of Directors of the corporation shall have approved such a transaction with such related company or affiliate prior to the time that such related company or affiliate became a holder of more than 5% of any class of equity securities of the corporation.

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The provisions of this Eleventh Article shall be in addition to the requirements of the Delaware Corporation Law and shall not be requirements of the Delaware Corporation Law and shall not be amended or repealed without the affirmative vote of three-fourths of the outstanding stock of the corporation entitled to vote thereon.

For purposes of this Eleventh Article a "related company" in respect of a given transaction is any company, person or other entity which by itself or together with its affiliates and associates is the beneficial owner, directly or indirectly, of more than 5% of any class of equity securities of the corporation as of the record date for the determination of stockholders entitled to vote on such transactions. An "affiliate" of a related company is any company, person or other entity which, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the related company. An "associate" of a related company is any officer, director or beneficial owner, directly or indirectly, of 5% or more of any class of equity securities of such related company or any of its affiliates. "Equity security" is any stock or similar security, or any security, convertible, with or without consideration, into such a security, or carrying any warranty to subscribe to or purchase such a security, or any such warrant or right.

A related company shall be deemed to be the beneficial owner of any equity securities which it or its affiliates or associates has the right to acquire pursuant to any agreement or which are beneficially owned, directly or indirectly, by any other company, person or entity (or an affiliate or associate of such company, person, or entity) with which it or its affiliates or associates has any agreement or understanding for the

purpose of acquiring, holding, voting or disposing of any equity securities of the corporation.

TWELFTH: This corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by the statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, HUMANA INC. has caused its corporate seal to be hereunto affixed and this Restated Certificate of Incorporation to be signed by Thomas J. Flynn, its Executive Vice President and Alice F. Newton, its Secretary, this 8th day of November, 1989.

HUMANA INC.

By: THOMAS J. FLYNN
Executive Vice President

By: ALICE F. NEWTON
Secretary

Amended Article Fourth: January 9, 1992
Corrected Article Eleventh: March 23, 1992

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COMMONWEALTH OF KENTUCKY)
) SS.
COUNTY OF JEFFERSON)

BE IT REMEMBERED, that on this 8th day of November, 1989, personally came before me, a Notary Public in the County and Commonwealth aforesaid, Thomas J. Flynn and Alice F. Newton, Executive Vice President and Secretary, respectively, of HUMANA INC., a corporation of the State of Delaware, the corporation described in and which executed the foregoing Restated Certificate of Incorporation, known to me personally to be such, and, they, the said Thomas J. Flynn and Alice F. Newton, as such Executive Vice President and Secretary, respectively, duly executed said Certificate before me and acknowledged the said Certificate to be their act and deed and the act and deed of said corporation and that the facts stated in said Certificate are true; that the signatures of the said Executive Vice President and Secretary, respectively, of said corporation to the foregoing Certificate are in the handwriting of the said Executive Vice President and Secretary, respectively, and that the seal affixed to said Certificate is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year first above written.

LISA J. BENSON
Notary Public, Jefferson County, Kentucky

My commission expires: October 11, 1993

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THE FIRST AMENDMENT
OF THE
HUMANA INC.
RETIREMENT AND SAVINGS PLAN

THIS FIRST AMENDMENT to the Humana Inc. Retirement and Savings Plan ("Plan"), which Plan was amended and restated in its entirety effective March 1, 1993, further amends and modifies the Plan pursuant to the right reserved in Article 12 of the Plan, as follows:

A.

Section 6.9(a) is hereby amended by adding the following:

"... Any election as to the time of distribution upon a Participant's retirement, death or Disability may be made separately with respect to (i) a Participant's account under the Retirement Plan portion of the Plan (Employer Retirement and Vested Pension Accounts), and (ii) his or her accounts under the Thrift Plan portion of the Plan (Employer Thrift, Voluntary Contribution and Participant Accounts)."

B.

Section 6.10 is hereby amended by adding the following:

"(i) Elections May Apply Separately. A Participant or Beneficiary may elect the application of any provision of this Section 6.10 to apply separately to (1) his or her Retirement Plan portion of the Plan (Employer Retirement and Vested Pension Accounts), and (2) his or her Thrift Plan portion of the Plan (Employer Thrift, Voluntary Contribution and Participant Accounts)."

C.

The effective date of this First Amendment to the Plan shall be July 1, 1993.

D.

Except as specifically amended above, the Plan shall remain unchanged and as amended herein, shall continue in full force and effect.

IN WITNESS WHEREOF, the Company has caused this First Amendment to the Plan to be executed by its duly authorized officer this 30th day of November, 1993.

HUMANA INC.

By: /S/ ROBERT A. HERRAR
Title: Vice President of Human
Resources

Attest:

/S/ WALTER E. NEELY
Secretary

Receipt of an executed copy of
the First Amendment of the
Humana Inc. Retirement and Savings
Plan is hereby acknowledged this
1st day of December, 1993.

NATIONAL CITY BANK, KENTUCKY
as Trustee

By: /S/ CLELON B. TATUM, JR.
CLELON B. TATUM, JR.

THE SECOND AMENDMENT
OF THE
HUMANA RETIREMENT AND SAVINGS PLAN

THIS SECOND AMENDMENT to the Humana Retirement and Savings Plan ("Plan"), which Plan was amended and restated in its entirety effective March 1, 1993, further amends and modifies the Plan pursuant to the right reserved in Article 12 of the Plan, as follows:

A.

Section 2.18 is hereby deleted in its entirety and the following inserted in lieu thereof effective March 1, 1993:

"2.18 Employee. Any person employed by an Employer, or any other employer required to be aggregated with an Employer under Sections 414(b), (c), (m) or (o) of the Code; provided, the term Employee shall not include any person included in a unit of employees covered by a collective bargaining agreement between employee representatives and an Employer unless such collective bargaining agreement expressly provides that such person is eligible for participation in the Retirement Plan option, the Thrift Plan option or both Retirement and Thrift Plan options of the Plan. The term Employee shall include leased employees within the meaning of Sections 414(n) and (o) of the Code. Notwithstanding the foregoing, a leased employee shall not be considered an Employee (unless otherwise provided by the terms of the Plan) if:

(a) such employee is covered by a money purchase pension plan providing:

(i) a non-integrated employer contribution rate of at least 10% of compensation, as defined in Section 415(c) (3) of the Code, but including amounts contributed by the employer pursuant to a salary reduction agreement which are excludable from the employee's gross income under Section 125, Section 402(a) (8), Section 402(h) or Section 403(b) of the Code,

(ii) immediate participation, and

(iii) full and immediate vesting, and

(b) leased employees constitute less than 20% of an Employer's nonhighly compensated work force within the meaning of Section 414(n) (1) (C) (ii) of the Code.

B.

Section 2.32 is hereby deleted in its entirety and the following inserted in lieu thereof:

"2.32 Funds. The Aggressive Growth Fund, the Balanced Fund, the Employer Common Stock Fund, the International Fund, the Interest Income Fund, the Small Capitalization Fund, and the Stock Index Fund are sometimes referred to collectively as Funds."

C.

Section 2.66 is hereby deleted in its entirety and the following inserted in lieu thereof effective March 1, 1993:

"2.66 Years of Service.

(a) For eligibility purposes for the Pre-tax Saving Account, the initial Year of Service shall be the 12-month period commencing on the date Employee first performs an Hour of Service during which he is credited with 1,000 or more Hours of Service. The term shall also mean the Plan Year commencing with the Plan Year in which an Employee's initial 12-month period ends, during which he has completed 1,000 or more Hours of Service. For a short Plan Year of less than 12 months, the term shall mean, with respect to an

Employee who is within the 12-month period commencing on the date he first performed an Hour of Service, the 12-month period commencing with the first day of the short Plan Year during which short Plan Year the initial 12-month period ends, and during which 12-month period the Participant completes 1,000 or more Hours of Service; with respect to an Employee whose Years of Service for eligibility purposes are being measured on the basis of the Plan Year, the term shall mean the 12-month period commencing with the first day of the short Plan Year, during which the Participant completes 1,000 or more Hours of Service.

(b) For purposes of eligibility for the Employer Retirement Account, the initial Year of Service shall be the 12-month period commencing on the date Employee first performs an Hour of Service, provided the Employee is credited with 1,000 or more Hours of Service during such 12-month period. If the Employee is credited with the initial Year of Service

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as provided in the preceding sentence, his second Year of Service with respect to eligibility for the Employer Retirement Account shall be the 12-month period commencing on the first anniversary of the date that he first performed an Hour of Service, provided he is credited with 1,000 or more Hours of Service during such 12-month period. If an Employee is not credited with a Year of Service in accordance with the preceding, the Year of Service for purposes of eligibility for the Employer Retirement Account shall be determined based upon the Plan Year commencing with the Plan Year in which occurs the second anniversary of the date he first performed an Hour of Service. If the Employee is not credited with a Year of Service in the 12-month period commencing on the date he first performed an Hour of Service, his Years of Service with respect to the Employer Retirement Account shall be determined on the basis of the Plan Year, commencing with the Plan Year in which occurs the first anniversary of the date he performed an Hour of Service. Each such Plan Year shall be a Year of Service, provided the Employee is credited with at least 1,000 Hours of Service. For a short Plan Year of less than 12 months, the term shall mean, with respect to an Employee who is in the 12-month period commencing on the date he first performed an Hour of Service, the 12-month period commencing with the first day of the short Plan Year during which short Plan Year the initial 12-month period ends, and during which 12-month period the Participant completes 1,000 or more Hours of Service; with respect to an Employee whose Years of Service are being measured on the basis of anniversaries of the date he first performed an Hour of Service, the term shall mean the 12-month period commencing with the first day of the short Plan Year during which short Plan Year the second anniversary of the date he first performed an Hour of Service occurred, and during which 12-month period the Employee completes 1,000 or more Hours of Service; and with respect to an Employee whose Years of Service are being measured on the basis of the Plan Year, the 12-month period commencing on the first day of the short Plan Year, and during which the Employee completes 1,000 or more Hours of Service.

(c) For purposes of vesting, the Year of Service shall mean, except as hereinafter provided, a 12-month period beginning on the date the Employee first performed an Hour of Service and each anniversary thereof during which the Employee was credited with at least 1,000 Hours of Service. Notwithstanding the preceding sentence, if an Employee is not credited with at least 1,000 Hours of Service in a 12-month period described in the preceding sentence, thereafter a Year of Service shall mean the Plan Year, beginning with the Plan Year that begins in the 12-month period described in the preceding sentence in which the Employee failed to be credited

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with at least 1,000 Hours of Service. If the Plan Year is of less than 12 months duration, an Employee whose vesting is being determined on the basis of Plan Years shall be credited with a Year of Service if he completes at least 1,000 Hours of Service in a 12-month period commencing on the first day of the short Plan Year.

(d) In the event that the Employer acquires a facility, whether by merger, stock acquisition or asset purchase, the Employer may, at its sole discretion, credit prior service with the predecessor in calculating Years of Service for this Plan."

D.

Article 2 is hereby amended by adding the following:

"2.67 Aggressive Growth Fund. The Fund within the Trust Fund which shall be invested up to 100% in common stock and securities into common stock which have market values appearing low relative to underlying value or future earnings and growth potential. Notwithstanding the preceding, the Fund may invest in, among other investments, convertible securities, warrants, preferred stock, bonds, foreign securities, covered call options, put options and repurchase agreements. The Aggressive Growth Fund may also be invested in cash equivalent securities, such as treasury bills, commercial paper and certificates of deposits as may be determined by the Trustee or Fund manager.

2.68 Balanced Fund. The Fund within the Trust Fund which shall be invested up to 100% in common stock and preferred stock, straight debt issues (including government securities) or debt securities with equity conversion or purchase rights, in cash and cash equivalents, the objective of which investments is to emphasize current income and preservation of capital while secondarily striving to attain capital growth.

2.69 International Fund. The Fund within the Trust Fund which shall be invested up to 100% in equity securities, American Depositary Receipts and European Depositary Receipts, securities convertible into common stock, government securities, and non-convertible preferred stocks of issuers domiciled outside the United States so as to achieve long term growth of capital. The International Fund may be invested in cash equivalent securities, such as U.S. treasury bills, commercial paper and certificates of deposits as may be determined by the Trustee or Fund manager.

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2.70 Small Capitalization Fund. The Fund within the Trust Fund which shall be invested up to 100% in equity securities or Securities convertible into common stock consisting primarily of emerging growth companies and companies selected for investment because of their unique situation; provided that the Small Capitalization Fund may be invested in cash equivalent securities, such as treasury bills, commercial paper and certificates of deposits as may be determined by the Trustee or Fund manager."

E.

Section 4.2(b) is hereby deleted in its entirety and the following inserted in lieu thereof:

"(b) Effective January 1, 1994, and for Plan Years thereafter, each Participant may elect to defer a portion of his income to be contributed to his Participant Account by his Employer on his behalf. Participant Deferrals shall be in any amount between 1% and 14% of the Participant's Compensation for the Plan Year; provided, that the total Participant Deferrals may not exceed the dollar amount specified in Section 402(g) of the Code in any calendar year. The dollar limitation shall be adjusted annually as provided in Code Section 415(d) pursuant to Regulations. This adjusted limitation shall be effective as of January 1 of each calendar year."

F.

Section 5.4(b) is hereby deleted in its entirety and following

inserted in lieu thereof:

"(b) Annual additions shall mean the sum of the following amounts credited to a Participant's Account for the limitation year under all defined contribution plans maintained by an Employer:

- (i) Participant Deferrals,
- (ii) Voluntary Contributions,
- (iii) Participant Contributions,
- (iv) Employer Contributions,

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(v) Forfeitures, and

(vi) Amounts allocated after March 31, 1984 to an individual medical account, as defined in Section 415(1)(2) of the Code, which is part of a pension or annuity plan maintained by an Employer are treated as annual additions to a defined contribution plan. Also, amounts which are attributable to post-retirement medical benefits allocated to the separate account of a Key Employee, as defined in Section 419A(d)(3), under a welfare benefit fund as defined in Section 419(e), maintained by an Employer, are treated as annual additions to a defined contribution plan.

For purposes of the limitations of this section, Compensation shall mean all wages, salaries, fees for professional service and other amounts received for personal service actually rendered in the course of employment with an Employer for the limitation year, as defined in Section 415(c)(3), excluding, however, any Participant Deferral amounts. The limitation year shall be the Plan Year."

G.

Sections 5.10 and 5.11 are hereby deleted in their entirety and the following inserted in lieu thereof:

"5.10 Participant Election of Investment of Participant Contributions and Deferrals and Voluntary Contributions and accounts.

(a) As of each Anniversary Date, a Participant may direct on a form prescribed by and filed with the Plan Administrator (or by utilization of the voice response system, as determined by the Plan Administrator), the portion of his Participant Contributions and Deferrals to be invested in each Fund in 1% increments; provided that, effective July 1, 1993, such elections may be made on a quarterly basis and, effective January 1, 1994, such elections may be made on a monthly basis (January 1, February 1, March 1, etc.). In the absence of any such direction, 100% of the Participant Contributions and Deferrals shall be invested in the same manner as Contributions, if any, are being invested, or in the Interest Income Fund. A change in investment direction for future Participant Contributions and Deferrals shall be effective as soon as reasonably and administratively practicable within the terms of the administration system. A Participant's future

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Voluntary Contributions shall be invested in the same manner as his Participant Contributions and Deferrals.

(b) Notwithstanding the above to the contrary, as of the end of any Plan Year (or any quarterly election date effective June 30, 1993 or monthly election date effective January 31, 1994) by written notice filed with the Plan Administrator prior to such election date (or by utilization of the voice response system as

determined by the Plan Administrator), a Participant may elect a restructuring of the investments in his Accounts other than his Employer Thrift Accounts by electing to have the assets attributable to the applicable Account transferred from one or more Funds to another Fund or Funds pursuant to an asset allocation approach in 1% increments as selected by the Participant. The restructuring shall be effective as soon as reasonably and administratively practicable within the terms of the administration system, and shall remain in effect until it is subsequently changed in accordance with the terms of this Section 5.10. The Plan Administrator shall direct the Trustee to transfer the aggregate values among Funds as soon as practical after the Valuation Date.

5.11 Participant Election of Investment of Employer Retirement Contributions and Accounts.

(a) For each Plan Year (or quarterly election date effective July 1, 1993 or monthly election date effective January 1, 1994), a Participant may direct on a form prescribed by and filed with the Plan Administrator (or by utilization of the voice response system as determined by the Plan Administrator), the portion of his Employer Retirement Contribution to be invested in each Fund in 1% increments. In the absence of any change in such direction in a Plan Year, the Employer Retirement Contribution shall continue to be invested in the Funds as specified by the Participant's last direction. In the absence of any such direction, 100% of the Employer Retirement Contribution shall be invested in the same manner as Contributions, if any, are being invested, or in the Interest Income Fund.

(b) As of the end of any Plan Year (or quarterly election date effective June 30, 1993 or monthly election date effective January 31, 1994), a Participant may direct on a form prescribed by and filed with the Plan Administrator (or by utilization of the voice response system as determined by the Plan Administrator), a restructure of the investments in his Employer Retirement Account by electing to have the value of his Account Balance in the Account transferred from one or more Funds to another Fund or Funds pursuant to an asset

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allocation approach in 1% increments as selected by the Participant. The restructuring shall be effective on the first day of the Plan Year (or monthly election date effective January 1, 1994) immediately following the date by which a Participant provides a new restructuring form to the Plan Administrator. The restructure shall apply to the Participant's Account Balance determined as of such Valuation Date but prior to crediting the Retirement Contribution for such Plan Year. The Plan Administrator shall direct the Trustee to transfer the aggregate values among Funds as soon as practical after the Valuation Date.

(c) A Participant's direction under (b), above, shall be deemed to also be a direction concerning his Vested Pension Account, if any."

H.

Section 6.5(b) is amended by adding the following effective January 1, 1994:

"(iii) Notwithstanding the above to the contrary, if a Participant has completed 5 or more Years of Service, he shall in addition be entitled to the Account Balance of his Employer Thrift Account as of the Valuation Date immediately following the date of his Termination of Employment, increased by any Contributions made on his behalf since such Valuation Date and decreased by any withdrawals from his Employer Thrift Account since such Valuation Date, subject, however, to the provisions of Section 6.6; provided, however, if the Participant is receiving a deferred distribution, his Benefit shall be determined as of the Valuation Date immediately following the distribution request date."

I.

Section 6.9(f) is hereby deleted in its entirety and the following inserted in lieu thereof effective March 1, 1993:

"(f) Notwithstanding anything in this Article 6 to the contrary, benefits payable to an alternate payee pursuant to a "qualified domestic relations order" as described in Section 414(p) of the Code would be paid in a single lump sum as soon as administratively practicable after the Plan Administrator receives a domestic relations order and determines that it is "qualified" under Section 414(p) of the Code, which may be prior to the Participant's death, Disability, retirement or Termination of Employment."

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J.

Section 6.10(h) (i) is hereby deleted in its entirety and the following inserted in lieu thereof effective January 1, 1993:

"(i) Effective January 1, 1993, a Participant who is entitled to a distribution of his vested Account Balance shall be entitled to elect to make a direct rollover of his Benefit which constitutes an "eligible rollover distribution" to another "eligible retirement plan" pursuant to the requirements of Section 401(a) (31) of the Code. Also effective January 1, 1993, a Participant who has not separated from service and is entitled to a distribution of his vested Account Balances in an amount equal to \$200 or more shall be entitled to elect to make a direct rollover of his Benefit which constitutes an "eligible rollover distribution" to another "eligible retirement plan" pursuant to the requirements of Section 401(a) (31) of the Code." An "eligible rollover distribution" for this purpose is any distribution of all or any portion of the balance to the credit of the Employee under the Plan excluding

(A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made over any one of the following periods:

(1) the life expectancy of the Participant (or joint lives of the Participant and his designated Beneficiary);

(2) the life expectancy of the Participant (or the joint life and last survivor expectancy of the Participant and the Participant's designated Beneficiary); or

(3) a specified period of ten years or more,

(B) minimum distributions required under Section 401(a) (9) of the Code,

(C) any portion of a distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation described in Section 402(e) (4) of the Code),

(D) dividends paid on Common Stock as described in Code Section 404(k),

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(E) Participant loans that are deemed distributions, and

(F) similar items designated by the Commissioner of Internal Revenue in revenue rulings, notices, and other guidance of general applicability.

An "eligible retirement plan" for this purpose is defined under Code Section 402(C) (8) (B) to mean an individual retirement plan described

in Code Section 408 or a qualified plan described in Section 401(a) of the Code. A direct rollover shall be accomplished by direct transfer by the Trustee of all or a portion of the Benefit to the trustee of the transferee plan by any reasonable method permitted by regulations."

K.

Article 6 is hereby amended by adding the following effective March 1, 1993:

"6.12 Withdrawals By Former Terminated Participants. A Participant who separates from service shall not be entitled to receive a partial distribution from any Account."

L.

Section 7.2(a) is hereby deleted in its entirety and the following inserted in lieu thereof:

"(a) The aggregate of the loans to a Participant shall not exceed at any time the lesser of (i) \$50,000, or (ii) 50% of the vested portion of his Participant Contribution Accounts (attributable to both after-tax Participant Contributions and pre-tax Participant Deferrals) and Voluntary Contribution Accounts plus his Employer Thrift Accounts to which he would be entitled to under Section 7.5 if he incurred a Termination of Employment. No Participant loan shall exceed the present value of such vested Account Balances and no loan shall be in an amount which is less than \$500. Loans shall not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Employees. A Participant may not have more than two loans outstanding at any time."

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M.

Section 7.4(a) is hereby deleted in its entirety and the following inserted in lieu thereof:

"(a) All such loans shall be repaid by the Participant when determined by the Plan Administrator, provided, under no circumstances shall the repayment be later than four years from the date made, unless such loan is used to acquire a dwelling unit which, within a reasonable time (determined at the time the loan is made), will be used as the principal residence of the Participant, in which case the repayment shall be made no later than ten years. No loan repayment schedule shall be for a period of less than one year, except in the event of prepayment of the entire outstanding loan balance. A loan may be prepaid only by making application to the Plan Administrator for early repayment and may be accomplished only by full lump sum repayment at the close of the month following the month such request is made and approved by the Plan Administrator. Equal installments of principal and interest shall be made on the loan each payroll period by automatic payroll deduction, until such time as the loan is repaid; provided, however, that the Participant may prepay the entire remaining loan balance. The minimum installment payment per payroll period shall not be less than \$10. Each Participant to whom a loan is made shall execute a negotiable promissory note for such loan and shall secure the payment of principal and interest on such promissory note by an assignment of the Participant's interest in the Trust Fund."

N.

Section 7.4(d) is hereby deleted in its entirety and the following inserted in lieu thereof:

"(d) If a Participant incurs a lay-off or takes an unpaid leave of absence, any outstanding loan will be held in suspension for up to six months. Following such six month period, the Participant will be treated as terminated and the loan will be placed in default."

O.

Section 8.2(a) is hereby deleted in its entirety and the following inserted in lieu thereof:

"(a) Hardship Withdrawals By Participants. Effective January 1, 1994, in the event funds are needed because of extreme financial hardship, the Committee may, in its sole discretion, permit a Participant who is an Employee to make a withdrawal of his Participant Deferrals, after tax Participant or Voluntary Contribution Accounts and non-forfeitable Employer Thrift Contributions as of the Valuation Date immediately following the date of withdrawal request. A Participant's withdrawal request shall not be approved in an amount less than \$500 for any withdrawal unless the Participant's vested interest in the Plan available for hardship withdrawal under this Section 8.2 is less than \$500, in which case the Participant's request may be approved. For purposes of this section, hardship is defined as an immediate and heavy financial need of the Participant where he lacks other available resources to meet such need."

P.

Section 13.1 is hereby deleted in its entirety and the following inserted in lieu thereof:

"13.1 Adoption of Plan and Trust by Related Employer. The Board of Directors may designate any Related Employer to become an Employer. Any related Employer so designated may adopt the Plan and Trust with the approval of the Sponsoring Employer. Such Related Employer shall be subject to the terms and provisions of the Plan and Trust, with such variations as shall be approved by the Plan Administrator, including, but not limited to, participation in only the Retirement Plan portion of the Plan or only the Thrift Plan portion of the Plan. A Related Employer may limit its adoption of the Plan to one or more of its groups of employees, divisions, locations or operations."

Q.

The effective date of this Second Amendment to the Plan shall be January 1, 1994, except as otherwise provided.

R.

Except as specifically amended above, the Plan shall remain unchanged and as amended herein, shall continue in full force and effect.

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IN WITNESS WHEREOF, the Company has caused this Second Amendment to the Plan to be executed by its duly authorized officer this 30th day of November, 1993.

HUMANA INC.

By: /S/ WALTER E. NEELY

Title: VICE PRESIDENT

Attest:

/S/ MARTHA E. CLARK
Associate Secretary

Receipt of an executed copy of the
Second Amendment of the Humana
Retirement and Savings Plan is
hereby acknowledged this
30th day of November, 1993.

NATIONAL CITY BANK, KENTUCKY

as Trustee

By: /S/ CLELON D. TATUM, JR.
CLELON D. TATUM, JR.
Title: VICE PRESIDENT

THE FIRST AMENDMENT
OF THE
HUMANA RETIREMENT AND SAVINGS TRUST

THIS FIRST AMENDMENT of the Humana Retirement and Savings Trust ("Trust"), which Trust was amended and restated in its entirety effective March 1, 1993, further amends and modifies the Trust pursuant to the right reserved in Article 7 of the Trust, as follows:

A.

Section 6.1 is hereby amended in its entirety to read as follows:

"(a) The Trustee shall establish and maintain within the Trust Fund the following Funds:

Aggressive Growth Fund Invested primarily in common stock and securities convertible into common stock which have market values appearing low relative to underlying value or future earnings and growth potential. Notwithstanding the preceding, the Fund may invest in, among other investments, convertible securities, warrants, preferred stock, bonds, foreign securities, covered call options, put options and repurchase agreements. The Fund may also be invested in cash equivalent securities such as Treasury bills, commercial paper and certificates of deposit.

Balanced Fund Invested in common stock and preferred stock, straight debt issues (including government securities) or debt securities with equity conversion or purchase rights, in cash and cash equivalents, the objective of which investments is to emphasize current income while secondarily striving to attain capital growth.

Employer Common Stock Fund Invested up to 100% in common stock. Fund may be invested in cash equivalent securities, such as Treasury bills, commercial paper and certificates of

deposit, at such times as shares of common stock are not available for purchase or the Trustee determines that the purchase of common stock would not be authorized under Section 404(a) of ERISA. All Employer Thrift Contributions shall be invested in the Employer Common Stock Fund.

Interest Income Fund Invested in obligations of the United States and United States Government agencies, bonds, debentures, notes or other evidences of indebtedness, shares of preferred stock and any other property the rate of return from which is established by the instrument evidencing the investments, including principal and interest contracts of banks and insurance companies and other lower risk, income-producing instruments; provided that the proceeds of assets of the Interest Income Fund pending their distribution or transfer to another Fund and funds received pending investment in the form described immediately above may be invested, if the Trustee so determines, in cash equivalent investments.

International Fund Invested in equity securities, American Depositary Receipts, European Depositary Receipts, securities convertible into common stock, government securities, and non-convertible preferred stocks of issuers domiciled outside the United States so as to achieve long term growth of capital. The Fund may also invest in cash equivalent securities, such as Treasury bills, commercial paper and certificates of deposit.

Small Capitalization Fund Invested in equity securities consisting primarily of emerging growth companies and companies selected for investment because of their unique situation. The Fund may also invest in cash equivalent securities, such as Treasury bills, commercial paper and certificates of deposit.

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Stock Index Fund Invested primarily in common stocks and other securities, the objective of which is to match the return of the S & P 500 Stock Index."

B.

The effective date of this First Amendment to the Trust shall be January 1, 1994.

C.

Except as specifically amended above, the Trust shall remain unchanged and as amended herein, shall continue in full force and effect.

IN WITNESS WHEREOF, the Company has caused this First Amendment to the Trust to be executed by its duly authorized officer this 30th day of November, 1993.

HUMANA INC.

By: /S/ WALTER E. NEELY

Title: VICE PRESIDENT

Receipt of an executed copy of the First Amendment of the Humana Retirement and Savings Trust is hereby acknowledged this 30th day of November, 1993.

NATIONAL CITY BANK, KENTUCKY
as Trustee

By: /S/ CLELON B. TATUM, JR.
CLELON B. TATUM, JR.

Title: VICE PRESIDENT

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CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this registration statement of Humana Inc. on Post - Effective Amendment No. 1 to Form S-8 of our report dated October 20, 1992, except as to the information presented in Note 13, for which the date is November 13, 1992, on our audits of the consolidated financial statements and financial statement schedules of the health plan operations of Humana Inc. as of August 31, 1992 and 1991, and for each of the three years in the period ended August 31, 1992, which report is included on page 110 of Humana's Proxy Statement dated January 22, 1993 and on page 2 in Exhibit 99 of this Post - Effective Amendment No. 1 to Form S-8. In addition, we consent to the incorporation by reference herein of our report dated July 2, 1993 on our audits of the financial statements and supplemental schedules of the Humana Thrift Plan as of February 28, 1993 and August 31, 1992, and for the six months ended February 28, 1993 and the year ended August 31, 1992, which report is included in the Transition Report on Form 11-K filed August 17, 1993 (File No. 1-5975). In addition, we consent to the incorporation by reference herein of our report dated January 6, 1993, except as to the information presented in Note 3, for which the date is January 29, 1993, on our audits of the financial statements and supplemental schedules of the Humana Thrift Plan as of August 31, 1992 and 1991, and for each of the two years in the period ended August 31, 1992, which report is included in the Annual Report on Form 11-K filed February 22, 1993 (File No. 1-5975).

COOPERS & LYBRAND
Louisville, Kentucky
February 1, 1994

POWER OF ATTORNEY

Know All Men By These Presents, that the undersigned constitutes and appoints Walter E. Neely and Martha E. Clark, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all Amendments (including Post-Effective Amendments) to the Registration Statement of Humana Inc. on Form S-8 (Reg. No. 33-49305), and to file the same, with all exhibits thereto, and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

By: /S/ JAMES E. MURRAY
JAMES E. MURRAY
Vice President and Controller
(Principal Accounting Officer)
January 24, 1994

POWER OF ATTORNEY

Know All Men By These Presents, that the undersigned constitutes and appoints Walter E. Neely, James E. Murray and Martha E. Clark, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all Amendments (including Post-Effective Amendments) to the Registration Statement of Humana Inc. on Form S-8 (Reg. No. 33-49305), and to file the same, with all exhibits thereto, and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

By: /S/ IRWIN LERNER
IRWIN LERNER
Director
January 25, 1994

POWER OF ATTORNEY

Know All Men By These Presents, that the undersigned constitutes and appoints Walter E. Neely, James E. Murray and Martha E. Clark, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all Amendments (including Post-Effective Amendments) to the Registration Statement of

Humana Inc. on Form S-8 (Reg. No. 33-49305), and to file the same, with all exhibits thereto, and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

By:

/S/ DAVID A. JONES, JR.
DAVID A. JONES, JR.
Director
January 25, 1994

EXHIBIT 99

INTRODUCTORY NOTE

The financial statements attached to this Exhibit 99, which are captioned as the Humana Health Plans, became the historical financial statements of Humana Inc. as a result of accounting treatment of the spinoff by the Registrant of its hospital business on March 1, 1993. In addition, Humana Inc. changed its fiscal year end from August 31 to December 31, effective March 1, 1993.

HUMANA HEALTH PLANS

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(a) See Note 4 of Notes to Consolidated Financial Statements.

(b) Pages 3 through 15 and 16 through 22 correspond to pages 111 through 123 and 129 through 135 referenced in the Report of Independent Accountants on page 2.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
Humana Inc.

We have audited the consolidated financial statements on pages 111 through 123 and the financial statement schedules on pages 129 through 135 of the health plan operations of Humana Inc. ("Humana Health Plans"). These financial statements and financial statement schedules are the responsibility of the management of Humana Inc. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the

audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Humana Health Plans as of August 31, 1992 and 1991, and the consolidated results of operations and cash flows for each of the three years in the period ended August 31, 1992 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

As discussed in Note 5 to the consolidated financial statements, effective September 1, 1991, Humana Health Plans adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

COOPERS & LYBRAND
Louisville, Kentucky
October 20, 1992, except as to the
information presented in Note 13,
for which the date is November 13, 1992.

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HUMANA HEALTH PLANS
CONSOLIDATED BALANCE SHEET
August 31, 1992 and 1991

(Dollars in millions)

	1992	1991
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 69	\$ 154
Marketable securities	80	87
Premiums receivable, less allowance for loss of \$11-1992 and \$9-1991	49	45
Deferred income taxes	118	23
Other	19	24
Total current assets	335	333
Property and equipment, at cost:		
Land	22	22
Buildings	192	222
Equipment	216	190
	430	434
Accumulated depreciation	131	100
	299	334
Other assets:		
Long-term marketable securities	282	245
Cost in excess of net tangible assets acquired	70	75
Deferred income taxes	10	-
Other	15	18
	377	338
TOTAL ASSETS	\$1,011	\$1,005

LIABILITIES AND EQUITY

Current liabilities:		
Medical costs payable:		
Galen hospitals	\$ 39	\$ 45
Other	342	272
Trade accounts payable and accrued expenses	139	106
Unearned premium revenues	-	83
Income taxes payable	39	23
Total current liabilities	559	529

Long-term debt	21	22
Deferred income taxes	-	21
Other	64	26
Total liabilities	644	598
Commitments and contingencies		
Equity	367	407
TOTAL LIABILITIES AND EQUITY	\$1,011	\$1,005

The accompanying notes are an integral part of the consolidated financial statements.

3

HUMANA HEALTH PLANS
CONSOLIDATED STATEMENT OF OPERATIONS
For the years ended August 31, 1992, 1991 and 1990
(Dollars in millions except per share results)

	1992	1991	1990
Revenues:			
Premiums	\$2,774	\$2,233	\$1,494
Interest	37	36	31
	2,811	2,269	1,525
Operating expenses:			
Medical costs:			
Galen hospitals	434	368	240
Other	1,949	1,517	1,045
Selling, general and administrative	357	321	225
Depreciation and amortization	52	38	28
Restructuring and unusual charges	171	-	-
	2,963	2,244	1,538
Income (loss) from operations	(152)	25	(13)
Interest expense (income)	12	11	(4)
Income (loss) before income taxes	(164)	14	(9)
Provision (benefit) for income taxes:			
Current	76	9	(8)
Deferred	(126)	(4)	3
	(50)	5	(5)
Net income (loss)	\$ (114)	\$ 9	\$ (4)
Earnings (loss) per common share	\$ (.72)	\$.06	\$ (.03)

The accompanying notes are an integral part of the consolidated financial statements.

4

HUMANA HEALTH PLANS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended August 31, 1992, 1991 and 1990
(Dollars in millions)

	1992	1991	1990
Balance, beginning of year	\$407	\$216	\$269
Net income (loss)	(114)	9	(4)
Equity funding from (to) Galen	74	176	(48)
Other	-	6	(1)
Balance, end of year	\$367	\$407	\$216

The accompanying notes are an integral part of the consolidated financial statements.

5

HUMANA HEALTH PLANS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended August 31, 1992, 1991 and 1990
(Dollars in millions)

	1992	1991	1990
Cash flows from operating activities:			
Net income (loss)	\$(114)	\$ 9	\$ (4)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Restructuring and unusual charges	171	-	-
Depreciation and amortization	52	38	28
Deferred income taxes	(126)	(4)	3
Changes in operating assets and liabilities:			
Premiums receivable	(4)	(15)	20
Other current assets	6	(5)	(5)
Medical costs payable	3	(6)	48
Trade accounts payable and accrued expenses	18	9	19
Unearned premium revenues	(83)	19	64
Income taxes payable	16	19	(13)
Other	4	2	5
Net cash provided by (used in) operating activities	(57)	66	165
Cash flows from investing activities:			
Acquisition of health plans	(42)	(60)	-
Purchase of property and equipment	(47)	(107)	(27)
Disposition of property and equipment	2	2	-
Change in marketable securities	(7)	(86)	46
Other	(4)	(4)	(3)
Net cash provided by (used in) investing activities	(98)	(255)	16
Cash flows from financing activities:			
Equity funding from (to) Galen	74	176	(48)
Other	(4)	(3)	-
Net cash provided by (used in) financing activities	70	173	(48)
Increase (decrease) in cash and cash equivalents	(85)	(16)	133
Cash and cash equivalents at beginning of period	154	170	37
Cash and cash equivalents at end of period	\$ 69	\$154	\$170
Interest payments	\$ 27	\$ -	\$ 9
Income tax payments (refunds), net	55	(23)	-

The accompanying notes are an integral part of the consolidated financial statements.

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HUMANA HEALTH PLANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1--REPORTING ENTITY

Basis of Presentation

On August 27, 1992, the Board of Directors authorized management to

proceed with the separation of Humana Inc. into two publicly held corporations, one to operate the acute-care hospital business and the other to operate the health plan business (the "Distribution"). The Board's action is subject to, among other things, stockholder approval and a favorable ruling on the tax-free nature of the transaction by the Internal Revenue Service ("IRS"). Management anticipates that the transaction will be completed on or about March 1, 1993.

The Distribution will be effected through the distribution to stockholders of Humana Inc. of all of the outstanding shares of common stock of a new hospital holding company, Galen Health Care, Inc. ("Galen"). Subsequent to the Distribution, Humana Inc. will be the legal entity that will continue to operate the health plan business.

As used in the accompanying consolidated financial statements, the term "Humana Health Plans" refers to the operations of the health plan business, the term "Galen" refers to the operations of the hospital business, and the term "Humana Inc." refers to the pre-Distribution consolidated entity which operates both the hospital and health plan businesses.

In anticipation of the Distribution, certain allocations and estimates have been made by management in the accompanying consolidated financial statements to present the results of operations of Humana Health Plans as a separate entity. The operating results of Humana Health Plans include certain previously unallocated corporate costs and net interest expense (income). Corporate costs include shared administrative costs such as management information systems, financing, recruiting, personnel development, accounting, legal advice, public relations, marketing, insurance, purchasing, and risk and quality management. Total costs allocated to Humana Health Plans were \$94 million, \$85 million and \$62 million for the years ended August 31, 1992, 1991 and 1990, respectively. Net interest expense (income) amounting to \$12 million, \$11 million and \$(4) million for the years ended August 31, 1992, 1991 and 1990, respectively, has also been allocated to Humana Health Plans and relates primarily to disputed income tax issues in connection with current deductibility of medical costs payable.

Organization and Operations

Humana Health Plans operates health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") which provide managed care services to commercial customer groups and individuals eligible for the Medicare Program under contractual agreements between Humana Health Plans and the Health Care Financing Administration ("HCFA").

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include all subsidiaries of Humana Health Plans. Intercompany transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents includes cash, money market funds, commercial paper and certain U.S. Government securities with an original maturity of three months or less.

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HUMANA HEALTH PLANS NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Marketable Securities

Marketable equity securities are stated at the lower of aggregate cost or market. As a result of management's ability and intent to hold investments to maturity, debt securities are carried at amortized cost which approximates market. See Note 4.

Property and Equipment

Depreciation is computed using the straight-line method over estimated useful lives ranging generally from 3 to 25 years. Depreciation expense was \$34 million, \$22 million and \$15 million for the years ended August 31, 1992, 1991 and 1990, respectively. Replacements and major improvements are capitalized while repairs and maintenance costs are charged to expense in the period incurred.

Cost in Excess of Net Tangible Assets Acquired

Cost in excess of net tangible assets acquired represents the unamortized excess of the cost over the fair value of net tangible assets acquired which is amortized on a straight-line basis over periods not exceeding 14 years. As of August 31, 1992 and 1991, accumulated amortization totaled \$58 million and \$51 million, respectively. See Note 10.

Financial Instruments

In December 1991 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments," which requires disclosure of the fair value of financial instruments, including liabilities, for which it is practicable to estimate such values. Humana Health Plans intends to adopt the provisions of this Statement in 1993.

Premiums

Premiums from Humana Health Plans' members are reported as revenues in the month in which members are entitled to receive managed care services. HCFA premiums received in advance are recorded as unearned premium revenues.

For the years ended August 31, 1992, 1991 and 1990, Humana Health Plans earned premiums from its contracts with HCFA of approximately \$1,073 million, \$898 million and \$653 million, respectively.

Medical Costs

Medical costs include claim payments and estimates of future payments to be made for medical claims incurred prior to the balance sheet date. Estimates for future payments relating to services incurred in current and prior periods are continually reviewed by management, and to the extent necessary, adjustments are reflected in current operations. In addition to medical claims, Humana Health Plans pays certain physician salaries and predetermined capitation costs. Capitation costs represent monthly fees paid to participating primary care physicians and other medical specialists for the provision of medical care to Humana Health Plans' members.

Professional Liability Insurance Claims

Provisions for loss for professional liability risks are based upon actuarially determined estimates. To the extent subsequent claims information varies from management's estimates, earnings are charged or credited. See Note 6.

HUMANA HEALTH PLANS NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Income Taxes

The provision for income taxes reflected in the consolidated financial statements represents Humana Health Plans' proportionate share of Humana Inc.'s income tax expense which approximates the expense which would have been recognized had Humana Health Plans filed separate tax returns. See Note 5.

Earnings per Common Share

A 3-for-2 stock split of Humana Inc. common stock was distributed in August 1991. Retroactive recognition has been given to this split in the

consolidated financial statements and notes.

Earnings per common share are based upon the weighted average number of Humana Inc. common shares outstanding adjusted in 1990 for the dilutive effect of common stock options and convertible debentures. Shares used in computing earnings per common share are 158,490,279 for 1992, 157,359,253 for 1991 and 157,332,281 for 1990.

Fully diluted earnings per common share for 1990 is not presented because it approximates earnings per common share.

NOTE 3--RESTRUCTURING AND UNUSUAL CHARGES

In the fourth quarter of 1992, Humana Health Plans recorded restructuring charges amounting to \$131 million in connection with the Board's decision to effect the Distribution and management's plans for the continuing operations of Humana Health Plans. These charges included \$76 million related to the writedown of operating assets, product discontinuances and market closures, \$45 million related to administrative facility asset writedowns and systems conversion costs associated with the Distribution and \$10 million related to the planned sales of certain other assets.

In addition, Humana Health Plans recorded unusual charges of \$25 million related to contract disputes and \$15 million related to costs incurred for Hurricane Andrew relief efforts.

NOTE 4--INVESTMENTS

Marketable securities at August 31 includes the following (dollars in millions):

	1992		1991	
	Cost	Market Value	Cost	Market Value
U.S. Government securities	\$39	\$39	\$11	\$11
Tax exempt municipal bonds	13	13	53	53
Certificates of deposit	3	3	2	2
Corporate bonds	3	4	-	-
Redeemable preferred stocks	22	22	21	21
	\$80	\$81	\$87	\$87

HUMANA HEALTH PLANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Long-term marketable securities at August 31 includes the following (dollars in millions):

	1992		1991	
	Cost	Market Value	Cost	Market Value
U.S. Government securities:				
Agency notes	\$ 3	\$ 3	\$ 5	\$ 5
Collateralized mortgage obligations	64	66	44	45

Treasury notes	22	22	15	15
Other	1	1	1	1
	90	92	65	66
Tax exempt municipal bonds	115	117	108	108
Corporate bonds	19	20	48	49
Certificates of deposit	3	3	2	2
Marketable equity securities	40	41	22	21
Other	15	15	-	-
	\$282	\$288	\$245	\$246

Included in long-term marketable securities at August 31, 1992, are \$17 million of statutory insurance deposits (primarily U.S. Treasury notes) which are restricted under certain regulations promulgated by departments of insurance in the states in which Humana Health Plans operates.

NOTE 5--INCOME TAXES

Effective September 1, 1991, Humana Health Plans adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires, among other things, recognition of deferred income taxes using statutory rates at which such temporary differences are expected to affect taxable income in future years. The cumulative effect of this change did not materially impact the financial position or results of operations of Humana Health Plans.

The income tax provision (benefit) was different from the amount computed using the federal statutory income tax rate for the years ended August 31 due to the following (dollars in millions):

	1992	1991	1990
Income tax provision (benefit) at federal statutory rate	\$ (56)	\$ 5	\$ (3)
State income taxes, net of federal benefit	(4)	1	(1)
Amortization	19	8	1
Tax exempt investment income	(4)	(4)	(3)
Other items, net	(5)	(5)	1
Provision (benefit) for income taxes	\$ (50)	\$ 5	\$ (5)

The significant components of the deferred tax provision (benefit) for the years ended August 31 relate to the following (dollars in millions):

	1992	1991	1990
Medical costs payable	\$ (77)	\$ (3)	\$ 5
Depreciation	2	3	2
Restructuring and unusual charges	(52)	-	-
Other	1	(4)	(4)
	\$ (126)	\$ (4)	\$ 3

Cumulative temporary differences which give rise to deferred tax assets and liabilities as of August 31, 1992 were as follows (dollars in millions):

	Assets	Liabilities
Medical costs payable	\$ 86	\$ -
Depreciation	-	17
Deferred compensation	7	-
Accrued interest	6	-
Doubtful accounts	6	-
Restructuring and unusual charges	32	-
Other	10	2
Total	\$147	\$19

Management believes that the deferred tax assets in the table above will ultimately be realized. Management's conclusion is based primarily on the existence of sufficient taxable income within the allowable carryback periods to realize the tax benefits of deductible temporary differences recorded at August 31, 1992.

In 1992 Humana Health Plans paid the IRS \$91 million, including interest, of disputed amounts for years 1988 and 1989, primarily in connection with the current deductibility of medical costs payable. Humana Health Plans intends to pursue favorable resolution of this issue. Results of operations were not affected by the payment.

At August 31, 1992, Humana Health Plans had net operating loss carryforwards of approximately \$37 million related to a 1992 acquisition. These loss carryforwards, if unused to offset future taxable income of the acquired subsidiary, will expire in 2000 through 2007.

NOTE 6--PROFESSIONAL LIABILITY RISKS

Humana Health Plans' professional liability risks are currently insured through a wholly owned subsidiary of Humana Inc. Provisions for such risks underwritten by the subsidiary, including expenses incident to claim settlements, were \$11 million, \$8 million and \$5 million for the years ended August 31, 1992, 1991 and 1990, respectively. Amounts equal to provision for loss are funded annually. In connection with the Distribution, Humana Health Plans will establish a wholly owned subsidiary which will insure all Humana Health Plans' professional liability risks for periods subsequent to the Distribution and will reinsure such risks for periods prior thereto.

Allowance for professional liability risks and the equivalent amounts of marketable securities related to the funding thereof included in the accompanying consolidated balance sheet were \$28 million and \$21 million at August 31, 1992 and 1991, respectively. See Note 4.

NOTE 7--LONG-TERM DEBT

Long-term debt at August 31, 1992, and 1991 is comprised of a \$20 million note payable to the State of Florida Department of Insurance (the "Department") related to the 1987 acquisition of a health plan which was being held in receivership by the Department at the time it was acquired. The note is payable when an Order of Final Distribution (which is currently not anticipated during the next fiscal year) of assets is entered by the Department and is collateralized by a \$20 million irrevocable letter of credit. As a result of the note being executed without interest, interest was imputed at 8.25% with the resulting discount being fully accreted by 1992. Total accretion charged to expense was \$1.2 million, \$1.5 million and \$1.4 million for the years ended August 31, 1992, 1991 and 1990, respectively. Other long-term debt at August 31, 1992 and 1991 relates to capital lease obligations. See Note

HUMANA HEALTH PLANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8--EQUITY

For accounting purposes the historical equity of Humana Health Plans consists of the net assets contributed by Galen. At the Distribution, both Humana Health Plans and Galen will have 300,000,000 authorized shares of common stock and the same number of shares outstanding, which totaled 158,739,787 at August 31, 1992.

Humana Inc. has plans under which options to purchase common stock have been granted to officers, certain directors and key employees. Options were granted at not less than market price on the date of grant. Exercise provisions vary, but most options are exercisable in whole or in part beginning one to three years after grant and ending ten years after grant.

The following shares of common stock of Humana Inc. were reserved at August 31, 1992:

Stock option plans	6,315,599
Thrift and retirement plans	4,559,589
Other	1,093,367
Total	11,968,555

Humana Inc.'s option plans for the years ended August 31, 1992, 1991 and 1990 are summarized below:

Balance, August 31, 1989	5,420,027	\$ 8.25 to \$22.75
Granted	49,500	22.88 to 32.04
Exercised	(905,975)	8.25 to 18.17
Cancelled or lapsed	(249)	13.63
Balance, August 31, 1990	4,563,303	8.25 to 32.04
Granted	896,475	25.50 to 31.46
Exercised	(2,067,397)	8.25 to 22.88
Cancelled or lapsed	(33,557)	11.42 to 29.13
Balance, August 31, 1991	3,358,824	10.26 to 32.04
Granted	817,650	23.56 to 28.38
Exercised	(659,288)	10.26 to 29.13
Cancelled or lapsed	(31,871)	11.42 to 29.13
Balance, August 31, 1992	3,485,315	\$11.42 to \$32.04

At August 31, 1992, options for 2,260,516 shares were exercisable. Shares of common stock available for future grants were 2,830,284 at August 31, 1992 and 3,616,786 at August 31, 1991.

In connection with the Distribution, existing stock option plans will become the obligation of both Humana Health Plans and Galen, and certain vesting and exercise provisions thereof will be modified.

Humana Inc. has a shareholder rights plan under which common stockholders have the right to purchase Series A Participating Preferred Stock. Such rights are exercisable in the event of the accumulation of or tender offer for certain percentages of Humana Inc.'s common stock. The rights will expire in 1997 unless redeemed earlier by Humana Inc.; no such

rights were exercisable at August 31, 1992. Humana Health Plans intends to maintain this plan subsequent to the Distribution.

As a result of current and pending state regulatory requirements, Humana Health Plans must maintain various levels of equity in certain of its subsidiaries, which limits Humana Health Plans' ability to pay dividends. At August 31, 1992, \$156 million of equity was restricted under these regulations.

HUMANA HEALTH PLANS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9--COMMITMENTS AND CONTINGENCIES

Commitments

Humana Health Plans leases certain properties, buildings and equipment under operating lease arrangements. Operating lease rental payments charged to expense aggregated \$22 million, \$17 million and \$11 million for the years ended August 31, 1992, 1991 and 1990, respectively. Of these amounts \$10 million, \$6 million and \$3 million is related to the operation of Humana Health Plans' wholly owned clinics and therefore have been included in medical costs in the accompanying consolidated statement of operations for the years ended August 31, 1992, 1991 and 1990, respectively.

Future minimum rental payments required under operating leases as of August 31, 1992 which have initial or remaining non-cancelable lease terms in excess of one year are as follows (dollars in millions):

1993	\$15
1994	14
1995	13
1996	10
1997	5
Thereafter	17
	\$74

Contingencies

Certain contracts and financial instruments are subject to credit risks associated with third parties to the transactions. Humana Health Plans maintains policies which attempt to limit concentration of such risks and related losses in connection with such activities as investment, credit and collection and insurance. As a result, management believes that there are no significant concentrations of credit risks at August 31, 1992.

During the ordinary course of business, Humana Health Plans is subject to pending and threatened legal actions. Management of Humana Health Plans does not believe that any of these actions will have a material adverse effect on its operations or financial position.

In connection with the previously described Distribution, Humana Health Plans will assume liability for specified claims and will share risks with respect to certain litigation and other contingencies, both identified and unknown.

The financial statements of Humana Health Plans reflect the effect of Galen's anticipated assumption of substantially all of Humana Inc.'s long-term debt. In the event that all or part of the assumption does not occur prior to the Distribution, Humana Health Plans would remain primarily liable for such debt to the obligee thereunder. Humana Health Plans and Galen have agreed that Galen would pay all amounts and otherwise satisfy all obligations related to such long-term debt. In the case of any Humana Inc. long-term debt proposed to be assumed by Galen in the

Distribution, to the extent that Humana Health Plans and Galen are unable to obtain consents from holders of such debt to the assumption by Galen of primary liability for such debt, the amount of such debt will be reflected as a liability of Humana Health Plans in its financial statements (although Humana Health Plans' financial statements will also reflect as an asset a receivable from Galen in an equal amount, which will accrue interest and will be payable on the same terms as such Humana Inc. long-term debt). Furthermore, Humana Health Plans may be contingently liable as guarantor of certain Humana Inc. long-term debt assumed by Galen in the Distribution. At August 31, 1992, outstanding Humana Inc. long-term debt expected to become the obligation of Galen aggregated approximately \$703 million.

Humana Health Plans' Medicare Risk contracts with HCFA are renewed for a one-year term each December 31 unless terminated 90 days prior thereto. The loss of these contracts or significant changes in the Medicare Risk program, including reductions in payments or increases in benefits without corresponding increases in payments, would have a material adverse affect on the revenues, profitability and business prospects of Humana Health Plans.

HUMANA HEALTH PLANS
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10--ACQUISITIONS

On September 1, 1990, Humana Health Plans purchased all the outstanding common stock of Prime Health Kansas City, Inc., an 82,000-member staff model HMO, for \$28 million. On March 1, 1991, Humana Health Plans acquired substantially all of the operating assets of Michael Reese Health Plans Inc. ("Michael Reese") for \$52 million. Michael Reese, a staff model HMO, had approximately 244,000 members. On April 1, 1992, Humana Health Plans purchased all the outstanding shares of HealthChicago, Inc., a 61,400-member HMO, for approximately \$37 million.

Each of the above acquisitions and certain other minor acquisitions were accounted for by the purchase method. The total cost in excess of net tangible assets acquired for all acquisitions totaled approximately \$44 million and is being amortized over periods ranging from 7 to 14 years.

The results of operations associated with all the previously mentioned acquisitions have been included in the accompanying consolidated statement of operations since the date of the respective acquisitions. The following unaudited pro forma summary presents the results of operations of Humana Health Plans as if the acquisitions had occurred on September 1, 1990. The pro forma results for the years ended August 31, 1992 and 1991 have been presented for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisitions been consummated at the beginning of fiscal 1991 or of results which may occur in the future (dollars in millions):

	1992	1991
Revenues	\$2,869	\$2,537
Net income (loss)	\$ (117)	\$ 4

NOTE 11--EMPLOYEE BENEFIT PLANS

Humana Inc. maintains noncontributory defined contribution retirement plans covering substantially all Humana Health Plans' employees. Benefits are determined as a percentage of a participant's earned income and are vested annually. Retirement plan expense for Humana Health Plans was \$9 million, \$6 million and \$4 million for the years ended August 31, 1992, 1991 and 1990, respectively. Amounts equal to retirement

plan expense are funded annually.

Humana Inc. also maintains a contributory thrift plan covering substantially all employees whereby the employee can contribute up to 10% of their compensation with Humana Inc. matching 50% of the employee's contribution up to a maximum of 6% of total compensation. Humana Health Plans contributions charged to expense amounted to \$3 million, \$2 million and \$1 million for the years ended August 31, 1992, 1991 and 1990, respectively. Contributions are funded periodically during the year.

In connection with the Distribution, Galen employees participating in Humana Inc.'s Retirement Plan and Thrift Plan will be separated from the Humana Inc. plans. Thereafter, separate plans for the benefit of Humana Health Plans and Galen employees will be maintained.

In December 1990 the Financial Accounting Standards Board issued Statement No. 106 requiring a change in accounting for the cost of postretirement benefits other than retirement plans. Humana Health Plans does not provide postretirement benefits to its employees other than retirement plans.

NOTE 12--TRANSACTIONS WITH GALEN

Humana Health Plans' members receive medical care from various providers including Galen hospitals.

In connection with the Distribution, Galen and Humana Health Plans will enter into certain agreements which will become effective upon the actual separation of the two businesses. The agreements are intended to facilitate orderly changes from an integrated health care company to separate unaffiliated hospital and health plan businesses in a way which

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HUMANA HEALTH PLANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

is minimally disruptive to each entity. Principal contracts are summarized below:

Operations--Galen will provide medical services to members of Humana Health Plans for three years. The contract will include, among other things, payment rates for various inpatient and outpatient services and annual increases therein, and hospital utilization guarantees and related penalties.

Liabilities and Indemnification--Each entity will assume liability for specified claims. The entities will also share risks with respect to certain litigation and other contingencies, both identified and unknown.

Income Taxes--Each entity will enter into risk-sharing arrangements in connection with the ultimate resolution of various income tax related disputes.

Administration--These agreements will relate to leasing of certain administrative facilities, division of information systems, employee benefit and stock option plans, and various administrative service arrangements.

A portion of the capitalization of Humana Health Plans will be provided by Galen in the form of Notes payable to Humana Health Plans in the aggregate principal amount of approximately \$250 million. These notes will bear interest at an annual rate of approximately 5% and will be payable over five years. For accounting purposes, the effect of the Notes cannot be included in Humana Health Plans' assets or common stockholders' equity until cash payments are received. In addition, it is expected that Humana Health Plans will receive approximately \$135 million in cash from Galen at the time of the Distribution.

Interest income on amounts due from Galen was \$13 million, \$10 million and \$5 million for the years ended August 31, 1992, 1991 and 1990, respectively.

NOTE 13--SUBSEQUENT EVENT

In view of the capital to be provided to Humana Health Plans by Galen in the Distribution, the need of Galen to be financially positioned after the Distribution to attract business from other sources, uncertainties regarding the effects of the Distribution, and to provide Galen with the resources to take advantage of opportunities in the future, the Humana Inc. Board of Directors determined on November 12, 1992, to eliminate the payment of future dividends on its common stock after the dividend payment on February 1, 1993, to stockholders of record on January 4, 1993.

HUMANA HEALTH PLANS
 SCHEDULE II--AMOUNTS RECEIVABLE FROM RELATED PARTIES
 AND UNDERWRITERS, PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES
 For the years ended August 31, 1992, 1991 and 1990
 (Dollars in thousands)

	Balance at Beginning of Period	Additions	Amounts Collected	Balance at End of Period Current Not Current	
Year ended August 31, 1990:					
Patricia Davis	\$ -	\$ 90	\$ -	\$ 18	\$ 72
Patricia Davis	-	28	28	-	-
	\$ -	\$ 118	\$ 28	\$ 18	\$ 72
Year ended August 31, 1991:					
Patricia Davis	\$ 90	\$ -	\$ 18	\$ 18	\$ 54
David Jarboe	-	283	223	-	60
	\$ 90	\$ 283	\$ 241	\$ 18	\$ 114
Year ended August 31, 1992:					
Patricia Davis	\$ 72	\$ -	\$ 18	\$ 18(a)	\$ 36(a)
David Jarboe	60	-	-	-	60(b)
Mike McCallister	-	188	-	188(b)	-
	\$ 132	\$ 188	\$ 18	\$ 206	\$ 96

(a) Interest at prime plus 1%; collateralized by deed of trust on personal residence; payable either in periodic installments or upon termination of employment, sale of residence or default on any collateral instrument having priority over Humana Inc.'s deed of trust.

(b) Noninterest bearing; collateralized by deed of trust on personal residence; payable either in periodic installments or upon termination of employment, sale of residence or default on any collateral instrument having priority over Humana Inc.'s deed of trust.

HUMANA HEALTH PLANS
 SCHEDULE III--PARENT COMPANY FINANCIAL INFORMATION(a)
 CONDENSED BALANCE SHEET
 August 31, 1992 and 1991
 (Dollars in millions)

ASSETS

Current assets	\$ 15	\$ 14
Property and equipment, net	153	196
Investments in subsidiaries	340	312
Investments related to professional liability risks	28	21
Other	17	16
TOTAL ASSETS	\$553	\$559

LIABILITIES AND EQUITY

Current liabilities	\$129	\$109
Allowance for professional liability risks	28	21
Other	29	22
	186	152
Equity	367	407
TOTAL LIABILITIES AND EQUITY	\$553	\$559

(a) The above schedule includes financial information relating to the parent company of Humana Health Plans. Parent company financial information has been derived from the Consolidated Financial Statements of Humana Health Plans, and excludes the accounts of all operating subsidiaries. This information should be read in conjunction with the Consolidated Financial Statements of Humana Health Plans.

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HUMANA HEALTH PLANS
SCHEDULE III--PARENT COMPANY FINANCIAL INFORMATION(a)
CONDENSED STATEMENT OF OPERATIONS
For the years ended August 31, 1992, 1991 and 1990
(Dollars in millions)

	1992	1991	1990
Revenues:			
Management fees charged to operating subsidiaries	\$ 71	\$ 54	\$ 38
Interest income	1	1	1
	72	55	39
Expenses:			
Selling, general and administrative	116	117	90
Depreciation and amortization	19	12	11
Restructuring and unusual charges	58	-	-
Interest expense (income)	13	12	(3)
	206	141	98
Loss before equity in income (loss) of subsidiaries	(134)	(86)	(59)
Equity in income (loss) of subsidiaries	(25)	64	31
Loss before income taxes	(159)	(22)	(28)
Income tax benefit	(45)	(31)	(24)
Net income (loss)	\$(114)	\$ 9	\$ (4)

(a) The above schedule includes financial information relating to the parent company of Humana Health Plans. Parent company financial information has been derived from the Consolidated Financial Statements of Humana Health Plans, and excludes the accounts of all operating subsidiaries. This information should be read in conjunction with the Consolidated Financial Statements of Humana Health Plans.

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HUMANA HEALTH PLANS
SCHEDULE III -- PARENT COMPANY FINANCIAL INFORMATION(a)
CONDENSED STATEMENT OF CASH FLOWS
For the years ended August 31, 1992, 1991 and 1990
(Dollars in millions)

	1992	1991	1990
Cash flows from operating activities:			
Net income (loss)	\$(114)	\$ 9	\$ (4)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Restructuring and unusual charges	58	-	-
Depreciation and amortization	19	12	11
Deferred income taxes	(21)	(2)	1
Equity in (income) loss of subsidiaries	25	(64)	(31)
Other	42	11	72
Net cash provided by (used in) operating activities	9	(34)	49
Cash flows from investing activities:			
Net change in property and equipment	(18)	(74)	(15)
Change in investments related to professional liability risks	(7)	(5)	(6)
Parent funding to operating subsidiaries	(77)	(103)	(9)
Dividends from operating subsidiaries	24	44	29
Net cash provided by (used in) investing activities	(78)	(138)	(1)
Cash flows from financing activities:			
Equity funding from (to) Galen	74	176	(48)
Other	(5)	(4)	-
Net cash provided by (used in) financing activities	69	172	(48)
Change in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of period	-	-	-
Cash and cash equivalents at end of period	\$ -	\$ -	\$ -

(a) The above schedule includes financial information relating to the parent company of Humana Health Plans. Parent company financial information has been derived from the Consolidated Financial Statements of Humana Health Plans, and excludes the accounts of all operating subsidiaries. This information should be read in conjunction with the Consolidated Financial Statements of Humana Health Plans.

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HUMANA HEALTH PLANS
SCHEDULE V--PROPERTY, PLANT AND EQUIPMENT
For the years ended August 31, 1992, 1991 and 1990
(Dollars in millions)

	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other	Balance at End of Period
Year ended August 31, 1990:					
Land	\$ 7	\$ 2	\$ (1)		\$ 8
Buildings	103	4	-		107
Equipment	112	21	(1)		132
	\$222	\$27	\$ (2)		\$247
Year ended August 31, 1991:					
Land	\$ 8	\$ 14	\$ -		\$ 22
Buildings	107	115	-		222
Equipment	132	61	(3)		190
	\$247	\$190	\$ (3)		\$434
Year ended August 31, 1992:					
Land	\$ 22	\$ -	\$ -	\$ -	\$ 22
Buildings	222	12	(1)	(41) (a)	192
Equipment	190	37	(4)	(7) (a)	216
	\$434	\$ 49	\$ (5)	\$ (48)	\$430

(a) During the fourth quarter of 1992 Humana Health Plans recorded writedowns of assets related to administrative facilities and markets with significant declines in operations, and losses associated with the planned sales of certain other assets. See Note 3 of Notes to

HUMANA HEALTH PLANS
 SCHEDULE VI--ACCUMULATED DEPRECIATION, DEPLETION AND
 AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
 For the years ended August 31, 1992, 1991 and 1990
 (Dollars in millions)

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirements or Sales	Balance at End of Period
Year ended August 31, 1990:				
Buildings	\$ 11	\$ 3	\$(1)	\$ 13
Equipment	55	12	(1)	66
	\$ 66	\$15	\$(2)	\$ 79
Year ended August 31, 1991:				
Buildings	\$ 13	\$ 8	\$ -	\$ 21
Equipment	66	14	(1)	79
	\$ 79	\$22	\$(1)	\$100
Year ended August 31, 1992:				
Buildings	\$ 21	\$11	\$ -	\$ 32
Equipment	79	23	(3)	99
	\$100	\$34	\$(3)	\$131

HUMANA HEALTH PLANS
 SCHEDULE VIII--VALUATION AND QUALIFYING ACCOUNTS
 For the years ended August 31, 1992, 1991 and 1990
 (Dollars in millions)

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions or Payments	Balance at End of Period
Allowance for loss on premiums receivable:				
Year ended August 31, 1990	\$ 9	\$17	\$(16)	\$10
Year ended August 31, 1991	10	3	(4)	9
Year ended August 31, 1992	9	7	(5)	11
Allowance for loss on long-term receivables:				
Year ended August 31, 1990	\$ -	\$ -	\$ -	\$ -
Year ended August 31, 1991	-	2	-	2
Year ended August 31, 1992	2	2	-	4

