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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1994

OR

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

Commission file number 1-5975

HUMANA INC.

(Exact name of registrant as specified in its charter)

Delaware	61-0647538
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 West Main Street, Louisville, Kentucky	40202
(Address of principal executive offices)	(Zip Code)

(502) 580-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at August 8, 1994
$.16 2/3 par value	160,989,760 shares

HUMANA INC.
FORM 10-Q
June 30, 1994

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Part I: Financial Information

Item 1. Financial Statements

Part II: Other Information

Exhibit

HUMANA INC.
CONSOLIDATED STATEMENT OF INCOME
For the quarters and six months ended June 30, 1994 and 1993
Unaudited

(Dollars in millions except per share results)

	Quarter		Six Months	
	1994	1993	1994	1993
Revenues:				
Premiums	$897	$778	$1,750	$1,564
Interest	15	14	28	24
Other	5	3	8	5
Total revenues	917	795	1,786	1,593
Operating expenses:				
Medical costs	736	660	1,439	1,322
Selling, general and administrative	111	91	213	184
Depreciation and amortization	12	12	24	24
Unusual charge (a)	18		18	
Total operating expenses	877	763	1,694	1,530
Income from operations	40	32	92	63
Interest expense (a)	(28)	2	(27)	4
Income before income taxes	68	30	119	59
Provision for income taxes (a)	14	11	33	22
Net income (a)	$ 54	$ 19	$ 86	$ 37
Earnings per common share (a)	$.33	$.12	$ .53	$ .23
Shares used in earnings per share computation (000)	160,836	159,040	160,659	158,970

(a) 1994 second quarter and six-month results include the favorable effect of the settlement of tax disputes with the Internal Revenue Service partially offset by the write-down of a nonoperational asset. See Note (B).

See accompanying notes.

HUMANA INC.
CONDENSED CONSOLIDATED BALANCE SHEET
Unaudited
(Dollars in millions except per share amounts)

	June 30, 1994	December 31, 1993
Assets		
Current assets:		
Cash and cash equivalents	$ 307	$ 372
Marketable securities	465	427
Premiums receivable, less allowance for loss of $23 - June 30, 1994 and $17 - December 31, 1993	51	37
Deferred income taxes	67	129
Other	57	37
Total current assets	947	1,002
Property and equipment, net	317	300
Long-term marketable securities	402	335
Cost in excess of net tangible assets acquired	100	60
Other	55	34
Total assets	$1,821	$1,731
Liabilities and Common Stockholders' Equity		
Current liabilities:		
Medical costs payable	$ 528	$ 448
Trade accounts payable and accrued expenses	205	154
Unearned premium revenues		110
Income taxes payable	55	59
Total current liabilities	788	771
Long-term obligations	61	71
Total liabilities	849	842
Common stockholders' equity:		
Common stock, 16 2/3 cents par; authorized 300,000,000 shares; issued and outstanding 160,965,386 shares - June 30, 1994 and 160,343,788 shares - December 31, 1993	27	27
Other	945	862
Total common stockholders' equity	972	889
Total liabilities and common stockholders' equity	$1,821	$1,731

See accompanying notes.

HUMANA INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended June 30, 1994 and 1993
Unaudited
(Dollars in millions)

	1994	1993
Cash flows from operating activities:		
Net income	$ 86	$ 37
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	24	24
Deferred income taxes	48	3
Unusual charge	18	
Changes in operating assets and liabilities	(46)	(101)
Other	2	13
Net cash provided by (used in) operating activities	132	(24)
Cash flows from investing activities:		
Purchase and disposition of property and equipment, net	(11)	(6)
Acquisition of health plan assets	(37)	(5)
Change in marketable securities	(123)	(19)
Other investing activities	(29)	
Net cash used in investing activities	(200)	(30)
Cash flows from financing activities:		
Cash contribution from Galen		135
Other	3	(2)
Net cash provided by financing activities	3	133
Increase (decrease) in cash and cash equivalents	(65)	79
Cash and cash equivalents at beginning of period	372	233
Cash and cash equivalents at end of period	$307	$312
Interest payments, (refunds) net	$(20)	$ 1
Income tax payments, (refunds) net	(13)	15

See accompanying notes.

HUMANA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

(A) Basis of Presentation

The accompanying financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in an annual report on Form 10-K. Accordingly, for further information, the reader of this Form 10-Q may wish to refer to Humana Inc.'s (the "Company") Form 10-K for the year ended December 31, 1993.

The financial information has been prepared in accordance with the Company's customary accounting practices and has not been audited. In the opinion of management, the information presented reflects all adjustments necessary for a fair statement of interim results. All such adjustments are of a normal and recurring nature.

(B) Income Tax Settlement and Unusual Charge

During the second quarter ended June 30, 1994, the Company settled certain income tax disputes with the Internal Revenue Service (the "IRS") and reduced the net book value of a nonoperational asset to its estimated fair value. As a result of the two separate events which are more fully described below, Humana's net income for the second quarter ending June 30, 1994 was increased by $17 million or $.10 per share.

Income Tax Settlement

The Company received $71 million in income tax refunds for the settlement of disputes with the IRS regarding the timing of medical claims deductions and the deductibility of intangible amortization for tax years 1988 through 1991. The Company had previously prepaid tax and interest for these issues for the 1988 and 1989 tax years to stop the accrual of interest on the disputed amounts.

As a result of the settlement, the Company recognized a $29 million ($18 million or $.11 per share after tax) reduction of interest expense and a $10 million ($.06 per share) reduction of tax expense, both of which represented the cumulative effect from 1988 to present of amounts provided for the disputed items. The remainder of the refund reduced the deferred tax asset carried on the Company's balance sheet.

Unusual Charge

The Company reduced the net book value of a nonoperational asset to its estimated fair market value. As a result, the Company recorded a pretax charge totaling $18 million ($11 million or $.07 per share after tax).

(C) Subsequent Event

On August 15, 1994, the Company received notification from the National Committee for Quality Assurance ("NCQA") that its South Florida health plan had been denied accreditation. The NCQA denial was based upon a site visit conducted in July 1993. In anticipation of the denial, the Company and the State of Florida (the "State") developed a corrective action process that Humana is implementing under the supervision of Florida's Agency for Health Care Administration. In additon to assisting in the development of the corrective action process, the State completed its own site visit of the South Florida plan in August 1994. The Health Care Financing Administration ("HCFA") has also undertaken an investigation of the South Florida plan. The Company expects no material effects on its operations as a result of the denial of accreditation by NCQA or the HCFA investigation.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Humana Inc.

The Company offers managed health care products which integrate financing and management with the delivery of health care services through a network of providers who share financial risk or who have incentives to deliver cost-effective medical services. These products are marketed primarily through health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") that encourage, and in most HMO products require, use of contracting providers. HMOs and PPOs also control health care costs by various means including the use of utilization controls such as pre-admission approval for hospital inpatient services and pre-authorization of outpatient surgical procedures.

The HMO and PPO products of Humana are primarily marketed to employer and other groups ("Commercial") and Medicare-eligible individuals. The products marketed to Medicare-eligible individuals are either HMO products that provide health care services which include all Medicare benefits and, in certain circumstances, additional health care services that are not included in Medicare benefits ("Medicare risk") or indemnity insurance policies that supplement Medicare benefits ("Medicare supplement").

Results of Operations

Second Quarter Ended June 30, 1994 and 1993

The Company's premium revenues increased 15 percent to $897 million for the quarter ended June 30, 1994, compared to $778 million for the same period in 1993. The increase in premium revenues is attributable to same-store Commercial and Medicare risk membership gains, premium rate increases of 4.3 percent for the Commercial product and 4.2 percent for the Medicare risk product, and the February 28, 1994 acquisition of Group Health Association ("GHA"), an HMO located in Washington, D.C. GHA premium revenues during the second quarter of 1994 totaled $50 million.

Same-store Commercial and Medicare risk membership gains for the quarter ended June 30, 1994, were 6,700 and 4,600, respectively and compare favorably to the membership declines in the same period a year ago (decreases of 800 and 400, respectively). For 1994, the Company anticipates that same-store Commercial and Medicare risk membership gains will range between 7 and 10 percent. Medicare supplement membership declined during the quarter ended June 30, 1994, continuing the decline which resulted from management's decision to increase premiums to more closely approximate competitive levels and to close certain markets.

The medical loss ratio for the quarter ended June 30, 1994, was 81.9 percent compared to 84.8 percent for the same period in 1993. The loss ratio improvement was primarily due to decreased hospital utilization in both the Commercial and Medicare risk products and a reduction in the Medicare risk product's rate of growth for physician and other medical services costs. Patient days per thousand members decreased 7 percent to 271 days per thousand for the Commercial product and 12 percent to 1,388 days per thousand for the Medicare risk product. Additional improvements in hospital and other medical services costs are necessary to achieve further reductions in the medical loss ratio since premium rate increases in both the Commercial and Medicare risk products are expected to approximate 4 percent for the remainder of 1994.

The administrative cost ratio was 13.6 percent and 13.1 percent for the quarters ended June 30, 1994 and 1993, respectively. The increase is the result of additional spending for the expansion of market service areas, costs associated with the acquisition of GHA, and increased marketing efforts. Additional development spending is anticipated for the remainder of 1994 as the Company continues its strategy of expanding into contiguous markets.

The Company's income before income taxes totaled $68 million for the quarter ended June 30, 1994, compared to $30 million for the same period in 1993. Income before income taxes in 1994 includes $29 million related to the favorable settlement of tax disputes with the IRS and an $18 million charge related to the write-down of a nonoperational asset. Net income increased from $19 million or $.12 per share to $54 million or $.33 per share for the quarters ended June 30, 1993 and 1994, respectively. Included in the second quarter of 1994's net income is $17 million or $.10 per share related to the nonrecurring items described above. The prospective beneficial effect of these items will approximate $.04 per share and $.05 per share in 1994 and 1995, respectively.

Six Months Ended June 30, 1994 and 1993

The Company's premium revenues increased 12 percent to $1.8 billion for the six months ended June 30, 1994 compared to $1.6 billion for the same period in 1993. The increase in premium revenues is attributable to same-store Commercial and Medicare risk membership gains of 95,300, premium rate increases of 3.7 percent for the Commercial product and 4.0 percent for the Medicare risk product, and the acquisition of GHA. GHA premium revenues, since the February 28, 1994 acquisition totaled $67 million.

On a same-store basis, Commercial membership increased 57,100 during the six months ended June 30, 1994 compared to a decrease of 24,600 for the six months ended June 30, 1993. During this same period, Medicare risk membership increased 10,400 compared to an increase of 1,900 members in the same period a year ago. Medicare supplement membership declined during the six months ended June 30, 1994, continuing the decline which resulted from management's decision to increase premiums to more closely approximate competitive levels and to close certain markets.

The medical loss ratio for the six months ended June 30, 1994 was 82.2 percent compared to 84.5 percent for the same period in 1993. The reduction was primarily attributable to continued improvement in hospital utilization in both the Commercial and Medicare risk products and a reduction in the rate of growth for physician and other medical services costs in the Medicare risk product. Patient days per thousand members relative to the same six months ended June 30, 1993, decreased 5 percent to 279 days per thousand for the Commercial product and 8 percent to 1,490 days per thousand for the Medicare risk product. Additional improvements in hospital and other medical services costs are necessary to achieve further reductions in the medical loss ratio since premium rate increases in both the Commercial and Medicare risk products are expected to approximate 4 percent for the remainder of 1994.

The administrative cost ratio was 13.5 percent and 13.3 percent for the six months ended June 30, 1994 and 1993, respectively. The increase is a result of additional spending for the expansion of market service areas, costs associated with the acquisition of GHA, and increased marketing efforts. Additional development spending is anticipated for the remainder of 1994 as the Company continues its strategy of expanding into contiguous markets.

The Company's income before income taxes totaled $119 million for the six months ended June 30, 1994 compared to $59 million for the six months ended June 30, 1993. Pretax income for 1994 includes $29 million related to the favorable settlement of tax disputes with the IRS and an $18 million charge related to the write-down of a nonoperational asset. Net income increased from $37 million or $.23 per share to $86 million or $.53 per share for the six months ended June 30, 1993 and 1994, respectively. Included in net income for the six months ended June 30, 1994, is $17 million or $.10 per share related to the nonrecurring items described above. The prospective beneficial effect of these items will approximate $.04 per share and $.05 per share in 1994 and 1995, respectively.

Liquidity

Cash provided by the Company's operations totaled $132 million for the six months ended June 30, 1994 compared to cash used by operations of $24 million for the six months ended June 30, 1993. The timing of the receipt of Medicare risk premiums reduced cash provided by operations by $110 million and $102 million for the six months ended June 30, 1994 and 1993, respectively. Excluding the effect of the timing of Medicare risk premiums, cash provided by operations was $242 million and $78 million for the six months ended June 30, 1994 and 1993, respectively. The increase in cash provided by operations was primarily attributable to increased net income, the settlement of the tax disputes with the IRS, and the timing of payments for medical costs and other payables.

The Company's current assets exceeded current liabilities by $159 million and $231 million at June 30, 1994 and December 31, 1993, respectively. The reduction in net working capital is primarily attributable to Humana's policy of classifying unrestricted cash, cash equivalents and marketable securities as long-term to conform with their intended use.

The Company's subsidiaries operate in states which require certain levels of equity and regulate the payment of dividends to the parent company. As a result, the Company's ability to use operating subsidiaries' cash flows is restricted to the extent that the subsidiaries' ability to pay dividends to its parent company requires regulatory approval. At June 30, 1994, the Company had approximately $300 million of unrestricted cash, cash equivalents and marketable securities compared to $247 million at December 31, 1993.

Management believes that existing working capital, including the aforementioned unrestricted funds, cash flows from operations and the availability of the Company's $200 million line of credit will be sufficient to meet future liquidity needs.

Capital Resources

The Company's ongoing capital expenditures relate primarily to medical care facilities used by either employed or affiliated physicians as well as administrative facilities and related computer information systems necessary for activities such as claims processing, billing and collections, medical utilization review and customer service.

Excluding acquisitions, planned capital spending in 1994 will approximate $45 million to $50 million compared to $28 million in 1993. The increase in 1994 capital spending relates primarily to the refurbishing and equipping of the Company's staff model primary care facilities, including those located in Washington D.C. Management believes that its capital spending program is adequate to expand, improve and equip its existing business.

Other Information

The Company provides medical services to Medicare risk members under contracts with the Health Care Financing Administration ("HCFA") that 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 program, including reductions in payments or increases in benefits without corresponding increases in payments, would have a material adverse effect on the revenues, profitability and business prospects of the Company. HCFA's Office of the Actuary recently announced the projected national average rate of increase for 1995 under these contracts to be 7.9 percent. The final rate of increase for 1995 will be announced September 7, 1994. When the final rate increase is determined, geographic and other adjustments could significantly affect the Company's actual 1995 increase.

Congress is in the process of evaluating a number of legislative proposals that would effect major changes in the United States health care system. Legislative reform is not anticipated before the latter part of 1994 and implementation of any reform package could take several additional years. In general, managed care is being considered as a means by which health care costs may be reduced. At this time, it is not possible to predict the final form these proposals will take or the effect these proposals may have on the Company, although management believes the Company is well positioned to take advantage of the opportunities which will be afforded by health care reform.

In addition to federal reform, various states in which the Company operates have implemented or are in the process of implementing changes in the delivery of health care. Again, it is not possible to predict the final form these proposals will take or the effect these changes may have on the Company.

Resolution of various loss contingencies, including litigation pending against the Company in the ordinary course of business, is not expected to have a material adverse effect on its financial position or results of operations.

	1994	1993
Commercial members enrolled at:		
March 31	1,381,100	1,196,000
June 30	1,386,100	1,195,200
September 30		1,201,500
December 31		1,214,000
Medicare risk members enrolled at:		
March 31	276,600	268,600
June 30	281,200	268,200
September 30		268,400
December 31		270,800
Medicare supplement members enrolled at:		
March 31	144,100	178,600
June 30	139,000	168,000
September 30		161,100
December 31		153,600
Total members enrolled at:		
March 31	1,801,800	1,643,200
June 30	1,806,300	1,631,400
September 30		1,631,000

December 31	1,638,400

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Humana Inc.
Supplemental Consolidated Statement of Income
(Dollars in millions except per share results)

	1994		
	First	Second	Total
Premiums:			
Commercial	$ 480	$ 518	$ 998
Medicare risk	342	350	692
Medicare supplement	31	29	60
	853	897	1,750
Interest	13	15	28
Other	3	5	8
	869	917	1,786
Medical costs	703	736	1,439
Selling, general and administrative	102	111	213
Depreciation and amortization	12	12	24
	817	859	1,676
Income from operations	52	58	110
Interest expense	1	1	2
Pretax income	51	57	108
Provision for income taxes	19	20	39
Net income	$ 32	$ 37	$ 69

Earnings per share	$ .20	$ .23	$ .43
Medical loss ratio	82.4%	81.9%	82.2%
Administrative cost ratio	13.4%	13.6%	13.5%

Note: Second quarter and the six-month results exclude the impact of the favorable settlement of tax disputes with the Internal Revenue Service and the write-down of a nonoperational asset.

Humana Inc.
Supplemental Consolidated Statement of Income
(Dollars in millions except per share results)

	1993				
	First	Second	Third	Fourth	Total
Premiums:					
Commercial	$ 426	$ 422	$ 428	$ 433	$1,709
Medicare risk	323	323	322	328	1,296
Medicare supplement	37	33	32	30	132
	786	778	782	791	3,137
Interest	10	14	12	12	48
Other	2	3	2	3	10
	798	795	796	806	3,195
Medical costs	662	660	654	654	2,630
Selling, general and administrative	93	91	91	93	368
Depreciation and amortization	12	12	12	11	47
	767	763	757	758	3,045
Income from operations	31	32	39	48	150
Interest expense	2	2	1	2	7
Pretax income	29	30	38	46	143
Provision for income taxes	11	11	15	17	54
Net income	$ 18	$ 19	$ 23	$ 29	$ 89
Earnings per share	$ .11	$ .12	$ .15	$ .18	$ .56
Medical loss ratio	84.3%	84.8%	83.7%	82.7%	83.8%
Administrative cost ratio	13.4%	13.1%	13.1%	13.3%	13.2%

Humana Inc.

Part II: Other Information

Item 1: Legal Proceedings

A class action law suit styled Mary Forsyth, et al v. Humana Inc., et al, Case #CV-5-89-249-PMP (L.R.L.), was filed on March 29, 1989, in the United States District Court for the District of Nevada (the "Forsyth" case). The claims asserted by the plaintiffs included an ERISA count seeking $49,440,000 of damages plus approximately $15,396,000 of interest, a RICO count seeking $103,562,165 of damages (before trebling) plus approximately $31,800,000 of interest, and an antitrust count for an unspecified amount of damages which appeared to be similar to those sought in the RICO count. Despite allegations made by the plaintiffs, the Company considered the substance of these claims to be a dispute concerning the calculation of health insurance benefits and believed the claimed damages were greatly in excess of any possible recovery even if the plaintiffs were successful.

On July 21, 1993, summary judgment was entered in favor of the Company on all counts, although the court granted the co-payer class until August 24, 1993, to file a third amended complaint in which its members could seek to recover the difference between their co-insurance payments and what those payments would have been if co-insurance obligations of the co-payer class had originally been based on the discounted payments made by Humana Health Insurance Company of Nevada to Sunrise Hospital and Medical Center, Las Vegas, Nevada, (now owned by Columbia/HCA Healthcare Corporation).

On August 24, 1993, a third amended complaint styled Marietta Cade, et al v. Humana Health Insurance of Nevada, Inc., et al was filed seeking damages as described above. On January 28, 1994, summary judgment was entered in favor of plaintiffs on this third amended complaint and the Court subsequently approved a schedule of damages in the total amount of $1.6 million, plus $700,000 in prejudment interest. On July 1, 1994, the plaintiff's filed a Notice of Appeal to the Court of Appeals for the Ninth Circuit, seeking reinstatement of all previously dismissed counts. The Company believes the final resolution of this litigation will not have a material adverse effect on its operations or financial position.

Items 2-3:

None

Item 4: Submission of Matters to a Vote of Security Holders

(a) The regular annual meeting of stockholders of Humana Inc. was held in Louisville, Kentucky on May 26, 1994 for the purposes of electing the board of directors and voting on the proposals described below.

(b) Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities and Exchange Act of 1934 and there was no solicitation in opposition to management's solicitations. All of management's nominees for directors were elected.

Item 4: Submission of Matters to a Vote of Security Holders, continued

(c) Four proposals were submitted to a vote of security holders as follows:

(1) The stockholders approved the election of the following persons as directors of the Company:

NAME	FOR	WITHHELD
K. Frank Austen, M.D.	142,506,678	425,512
Michael E. Gellert	142,491,275	440,915
John R. Hall	139,564,398	3,367,792
David A. Jones	141,564,744	1,367,446
David A. Jones, Jr.	142,453,183	479,007
Irwin Lerner	142,442,802	489,388
W. Ann Reynolds, Ph.D.	142,482,163	450,027
Wayne T. Smith	142,506,439	425,751

(2) The stockholders approved with 119,434,831 affirmative votes, 22,131,135 negative votes, and 1,366,224 abstentions, the proposal to amend the Company's 1989 Stock Option Plan for Employees.

(3) The stockholders approved with 106,870,801 affirmative votes, 34,987,015 negative votes and 1,074,374 abstentions, to amend the 1989 Stock Option Plan for Non-employee Directors.

(4) The stockholders approved with 135,673,458 affirmative votes, 5,758,235 negative votes and 1,500,497 abstentions to approve a new Executive Management Incentive Compensation Plan.

Item 5: Other Information

(a) Ratio of Earnings to Fixed Charges

The Company's ratio of earnings to fixed charges was 25.9 and 12.4 for the second quarter ended June 30, 1994 and 1993, respectively, and 23.2 and 12.1 for the six months ended June 30, 1994 and 1993, respectively.

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 12 - Statement re: Computation of Ratio of Earnings to Fixed Charges

(b) Reports on Form 8-K

A report on Form 8-K dated June 15, 1994, was filed by the

Company stating the Company had received $71 million in tax refunds for settlement of certain income tax disputes with the Internal Revenue Service for the tax years 1988 through 1991.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HUMANA INC.

Date: August 15, 1994

/s/ James E. Murray
James E. Murray
Vice President and Controller
(Principal Accounting Officer)

Date: August 15, 1994

/s/ Arthur P. Hipwell
Arthur P. Hipwell
Senior Vice President and
General Counsel

Exhibit 12

HUMANA INC.
RATIO OF EARNINGS TO FIXED CHARGES
For the quarters and six months ended June 30, 1994 and 1993

	Quarter Ended June 30,		Six Months Ended June 30,	
	1994	1993	1994	1993
Ratio of earnings to fixed charges	25.9	12.4	23.2	12.1

For the purpose of determining earnings in the calculation of the ratio of earnings to fixed charges (the "Ratio"), earnings have been increased by the provision for income taxes and fixed charges. Fixed charges consist of interest expense on borrowings and one-third (the proportion deemed representative of the interest portion) of rents. For purposes of calculating the Ratio, 1994 earnings and interest expense exclude the impact of nonrecurring items related to the favorable settlement of tax disputes with the Internal Revenue Service and the write-down of a nonoperational asset.