

news release

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Humana Announces Agreement to Acquire MD Care

LOUISVILLE, Ky. — September 23, 2011 — Humana Inc. (NYSE: HUM) announced today that it has signed an agreement to acquire MD Care, a California-based Medicare Advantage HMO with approximately 15,000 members in Southern California. Terms were not disclosed.

MD Care was founded in 2007 and offers Medicare beneficiaries a choice of plans with comprehensive and value-added alternatives to traditional Fee-for-Service Medicare, including Medicare Advantage medical plans; Medicare Advantage - prescription drug plans (include medical and drug coverage); and Medicare Advantage special needs plans. MD Care's members reside in four Southern California counties: Los Angeles County, Orange County, San Bernardino County and Riverside County.

“As Humana continues growing its Medicare business in the western U.S., MD Care offers an opportunity to expand our Medicare footprint and the suite of products and services we offer in California,” said Thomas J. Liston, senior vice president of senior products for Humana. “As one of the nation’s leading Medicare companies, with more than 4.3 million Medicare members nationwide and more than 200,000 Medicare members in California, Humana is committed to continued growth in California.”

MD Care’s 2010 revenue was \$155 million. The transaction is subject to both federal and state regulatory approvals and is expected to close in late 2011. Humana’s acquisition of MD Care is

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not expected to materially impact its financial earnings guidance for the year ending December 31, 2011.

About MD Care

MD Care has contracted with primary-care and specialty physicians, as well as hospitals and other medical providers who are some of the most respected in the communities they serve. At MD Care, doctors are encouraged to be involved in their patient-care decisions. MD Care offers Medicare beneficiaries a choice of plans with comprehensive and value-added alternatives to traditional Fee-for-Service Medicare. MD Care focuses on meeting members' needs, from enrollment through the entire continuum of care.

MD Care's medical-delivery model focuses on preventive care, health maintenance, and access to health services which are safe, evidence-based (supported by published medical evidence) and quality driven. MD Care's mission is to serve the Medicare population with outstanding medical care, wellness programs, and superior member service.

For more information about MD Care, visit www.mdcarehealthplan.com.

Cautionary Statement

This news release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in investor presentations, press releases, Securities and Exchange Commission (SEC) filings, and in oral statements made by or with the approval of one of Humana's executive officers, the words or phrases like "expects," "anticipates," "intends," "likely will result," "estimates," "projects" or variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and assumptions, including, among other things, information set forth in the "Risk Factors" section of the company's SEC filings, a summary of which includes but is not limited to the following:

- Health insurance reform legislation, including The Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010, could have a material adverse effect on Humana's results of operations, including restricting revenue, enrollment and premium growth in certain products and market segments, increasing the company's medical and administrative costs by, among other things, requiring a minimum benefit ratio, lowering the company's Medicare payment rates and increasing the company's expenses associated with a non-deductible federal premium tax; financial position, including the company's ability to maintain the value of its goodwill; and cash flows. In addition, if the new non-deductible federal premium tax is imposed as enacted, and if Humana is unable to adjust its business model to address this new tax, there can be no assurance that the non-deductible federal premium tax would not have a material adverse effect on the company's results of operations, financial position, and cash flows.
- If Humana does not design and price its products properly and competitively, if the premiums Humana charges are insufficient to cover the cost of health care services delivered to its members, or if its estimates of benefit expenses are inadequate, Humana's profitability could be materially adversely affected. Humana estimates the costs of its benefit expense payments, and designs and prices its products accordingly, using actuarial methods and assumptions based upon, among other relevant factors, claim payment patterns, medical cost inflation, and historical developments such as claim inventory levels and claim receipt patterns. These estimates, however, involve extensive judgment, and have considerable inherent variability that is extremely sensitive to payment patterns and medical cost trends.

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- If Humana fails to effectively implement its operational and strategic initiatives, including its Medicare initiatives, the company's business may be materially adversely affected, which is of particular importance given the concentration of the company's revenues in the Medicare business.
- If Humana fails to properly maintain the integrity of its data, to strategically implement new information systems, or to protect Humana's proprietary rights to its systems, the company's business may be materially adversely affected.
- Humana is involved in various legal actions and governmental and internal investigations, including without limitation, an ongoing internal investigation related to certain aspects of its Florida subsidiary operations, the outcome of any of which could result in substantial monetary damages, penalties, fines or other sanctions. Increased litigation or regulatory action and any related negative publicity could increase the company's cost of doing business.
- Humana's business activities are subject to substantial government regulation and related audits for compliance, including, among others, existing audits regarding Medicare risk adjustment data. New laws or regulations, or changes in existing laws or regulations or their manner of application, including the methodology that may be used by the government in implementing results of risk adjustment audits, could increase the company's cost of doing business and may adversely affect the company's business, profitability and financial condition. In addition, as a government contractor, Humana is exposed to additional risks that may adversely affect the company's business or the company's willingness to participate in government health care programs.
- On February 25, 2011, the Department of Defense TRICARE Management Activity, or TMA, awarded the TRICARE South Region contract to Humana. On March 7, 2011, the competing bidder filed a protest of the award with the Government Accountability Office. Also on March 7, 2011, as provided in the Federal Acquisition Regulations, TMA issued a stop work order to Humana in connection with the award. On June 14, 2011, the GAO upheld the award of the contract to Humana and TMA subsequently lifted the stop work order. On June 21, 2011, the competing bidder filed a complaint in the United States Court of Federal Claims objecting to the award of the contract to Humana. That case is currently pending before the Court. As a result of the award of the TRICARE South Region contract to the company, Humana no longer expects a goodwill impairment to occur during the second half of 2011. Ultimate disposition of the contract award is, however, subject to the resolution of the complaint filed by the unsuccessful bidder.
- Any failure to manage administrative costs could hamper Humana's profitability.
- Any failure by Humana to manage acquisitions and other significant transactions successfully may have a material adverse effect on its results of operations, financial position, and cash flows.
- If Humana fails to develop and maintain satisfactory relationships with the providers of care to its members, the company's business may be adversely affected.
- Humana's home-delivery pharmacy business is highly competitive and subjects it to regulations in addition to those the company faces with its core health benefits businesses.
- Changes in the prescription drug industry pricing benchmarks may adversely affect Humana's financial performance.
- If Humana does not continue to earn and retain purchase discounts and volume rebates from pharmaceutical manufacturers at current levels, Humana's gross margins may decline.
- Humana's ability to obtain funds from its subsidiaries is restricted by state insurance regulations.
- Downgrades in Humana's debt ratings, should they occur, may adversely affect its business, results of operations, and financial condition.
- Federal government contracts account for a substantial portion of Humana's revenue and earnings. A delay by Congress in raising the federal government's debt ceiling, should it occur, could lead to a reduction, suspension or cancellation of federal government spending that could, in turn, have a material adverse effect on Humana's business and profitability.
- Changes in economic conditions could adversely affect Humana's business and results of operations.
- The securities and credit markets may experience volatility and disruption, which may adversely affect Humana's business.
- Given the current economic climate, Humana's stock and the stock of other companies in the insurance industry may be increasingly subject to stock price and trading volume volatility.

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In making forward-looking statements, Humana is not undertaking to address or update them in future filings or communications regarding its business or results. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed herein may or may not occur. There also may be other risks that the company is unable to predict at this time. Any of these risks and uncertainties may cause actual results to differ materially from the results discussed in the forward-looking statements.

Humana advises investors to read the following documents as filed by the company with the SEC for further discussion both of the risks it faces and its historical performance:

- Form 10-K for the year ended December 31, 2010;
- Form 10-Qs for the quarters ended March 31, 2011 and June 30, 2011;
- Form 8-Ks filed during 2011.

About Humana

Humana Inc., headquartered in Louisville, Kentucky, is a leading health care company that offers a wide range of insurance products and health and wellness services that incorporate an integrated approach to lifelong well-being. By leveraging the strengths of its core businesses, Humana believes it can better explore opportunities for existing and emerging adjacencies in health care that can further enhance wellness opportunities for the millions of people across the nation with whom the company has relationships.

More information regarding Humana is available to investors via the Investor Relations page of the company's web site at www.humana.com, including copies of:

- Annual reports to stockholders
- Securities and Exchange Commission filings
- Most recent investor conference presentations
- Quarterly earnings news releases
- Replays of most recent earnings release conference calls
- Calendar of events (including upcoming earnings conference call dates and times, as well as planned interaction with research analysts and institutional investors)
- Corporate Governance information

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