

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

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS  
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

- (X) ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
For the Fiscal Year Ended December 31, 1998  
OR
- ( ) TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

Commission File Number 1-5975

- A. Full Title of Plan: Humana Retirement and Savings Plan
- B. Name of Issuer of the Securities held Pursuant to the Plan  
and the Address of its Principal Executive Office:

Humana Inc.  
500 West Main Street  
Louisville, Kentucky 40202

I N D E X

	Pages
Report of Independent Accountants	2
Financial Statements:	
Statements of Net Assets Available for Benefits, December 31, 1998 and 1997	3
Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 1998 and 1997	4
Notes to Financial Statements	5-22
Supplemental Schedules:	
Line 27a - Schedule of Assets Held for Investment Purposes, December 31, 1998	23
Line 27d - Schedule of Reportable Transactions for the year ended December 31, 1998	24
Signatures	25
Exhibit Index	26
Consent of Independent Accountants	27

Report of Independent Accountants

To the Retirement and Savings Plan Committee  
Humana Inc.

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Humana Retirement and Savings Plan (the Plan) at December 31, 1998 and 1997 and the changes in net assets available for benefits for the years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and of reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The fund information in the notes to the statements of net assets available for benefits and the statements of changes in net assets available for benefits is presented for purposes of additional analysis rather than to present the net assets available for benefits and changes in net assets available for benefits of each fund. These supplemental schedules and fund information are the responsibility of the Plan's management. The supplemental schedules and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/PricewaterhouseCoopers LLP

Louisville, Kentucky  
May 14, 1999

Humana Retirement and Savings Plan  
Statements of Net Assets Available for Benefits  
December 31, 1998 and 1997

ASSETS	1998	1997
--------	------	------

Investments:  
At fair value:

Plan interest in Master Trust	\$	474,899,722	-
Common stocks	-		\$ 345,775,677
Armada Government Fund	-		334,745
Investment contracts	-		11,452,180
Participant notes receivable	-		8,627,127
		474,899,722	366,189,729
At contract value:			
Investment contracts	-		73,963,585
Total investments		474,899,722	440,153,314
Other assets allocated from Master Trust:			
Cash		2,919,076	-
Due from brokers for securities sold		43,684	-
Receivable from participating employers for participant withholdings and employers' contributions		15,917,103	-
Accrued interest and dividends		8,793,823	-
Cash	-		208,170
Due from brokers for securities sold	-		728,828
Receivable from participating employers for participant withholdings and employers' contributions	-		16,478,914
Accrued interest and dividends	-		1,235,105
Total assets		502,573,408	458,804,331

LIABILITIES AND NET ASSETS  
AVAILABLE FOR BENEFITS

Liabilities allocated from Master Trust:			
Accrued expenses		433,772	-
Forfeited employers' contributions available to reduce future employers' contributions		599,227	-
Accrued expenses	-		609,498
Forfeited employers' contributions available to reduce future employers' contributions	-		107,691
Total liabilities		1,032,999	717,189
Net assets available for benefits	\$	501,540,409	\$ 458,087,142

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

Statements of Changes in Net Assets Available for Benefits  
for the years ended December 31, 1998 and 1997

	1998	1997
Additions:		
Investment income:		
Plan interest in Master Trust investment income:		
Interest and dividend income	\$ 9,498,903	-
Net appreciation in fair value of investments	29,861,241	-
Net appreciation in fair value of investments	-	\$ 52,332,678

Interest	-	6,833,711
Dividends	-	2,283,229
	39,360,144	61,449,618
Contributions:		
Contributions allocated from Master Trust:		
Participants	29,012,463	-
Employers	41,085,957	-
Forfeited employers' contributions	(1,109,694)	-
Transfer from ChoiceCare Plans (Note 3)	13,438,023	-
Transfer from PCA 401(k) Retirement Plan (Note 3)	17,348,163	-
Participants	-	25,394,574
Employers	-	26,025,246
Forfeited employers' contributions	-	(793,811)
Transfer from Med-Pay, Inc. Employee 401(k) Plan (Note 3)	-	234,410
Total additions	139,135,056	112,310,037
Deductions:		
Deductions allocated from Master Trust:		
Benefits paid to participants	94,923,357	-
Administrative expenses	758,432	-
Benefits paid to participants	-	39,608,578
Administrative expenses	-	646,545
Total deductions	95,681,789	40,255,123
Net increase	43,453,267	72,054,914
Net assets available for benefits:		
Beginning of year	458,087,142	386,032,228
End of year	\$ 501,540,409	\$ 458,087,142

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

#### Notes to Financial Statements

##### 1. Summary of Plan:

The Humana Retirement and Savings Plan (the Plan) is a qualified, trustee plan established for the benefit of the employees of Humana Inc. and its subsidiaries (the Company) and is subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Company is the sponsor of the Plan and offers managed health care products that integrate medical management with the delivery of health care services through a network of providers.

- a. Contributions: The Plan maintained two accounts, the Thrift Account and the Retirement Account, prior to January 1, 1994. No further contributions were accepted into the Thrift Account subsequent to December 31, 1993, as a new Pretax Savings Account was added to the Plan effective January 1, 1994.

Any employee of the Company who is employed with a sponsoring employer is eligible to participate in the Plan's Pretax Savings Account. A participant, through payroll deductions, may contribute not less than 1% nor more than 6% of the participant's compensation per pay period. Effective after

January 1, 1998 on the date the Company so elects, an automatic contribution in the amount of 3% of the participant's compensation shall be made beginning on the employee's date of hire, unless the employee elects not to participate in the Pretax Savings Account or elects a different percentage up to 6%. As of December 31, 1998, the Company had not elected to begin this automatic contribution. An amount equal to 50% of the participant's contribution is contributed by the Company for any participating employee who has completed at least one year of service with at least 1,000 hours of service. The Board of Directors of the Company, at its option, may increase this matching percentage up to 100%. Participants who contribute the maximum 6% amount are eligible to make voluntary contributions of amounts which do not exceed an additional 8% of their annual compensation. These voluntary contributions are not subject to employer matching contributions. All matching contributions shall be invested in the Humana Common Stock Fund.

After an employee completes two years of service with a sponsoring employer and has complied with certain other service requirements, the Company makes annual contributions to the Retirement Account of the Plan equal to 4% of each participating employee's qualifying compensation earned during the plan year, plus 4% of any compensation that exceeds the social security taxable wage base. Contribution amounts are computed as of the end of each plan year and are nonforfeitable.

On September 15, 1998 the Company announced a one time special \$1,000 contribution to each eligible employee of the Company, tied to each associate's vesting, who was employed on September 15, 1998. The total employer cost for the special contribution was \$15,403,000.

#### Notes to Financial Statements, Continued

##### 1. Summary of Plan, continued:

- a. Contributions, continued: Contributions to the Plan by or on behalf of employees may be restricted in amount and as to timing so as to meet various requirements of the Internal Revenue Code (IRC) of 1986 as amended.

Each participant's account is credited with the participant's contributions and the Company's contributions and the allocations of plan earnings and charged with an allocation of administrative expenses. Allocations are based on participants' account balances.

Contributions to the Plan are invested by National City Trust Company (the Trustee) in nine separate participant directed investment funds as follows:

**Interest Income Fund:** Invests primarily in contracts with banks and insurance companies. The fund may also invest in cash and cash equivalents.

**Stock Index Fund:** Invests primarily in units of the State Street Flagship Domestic Index Commingled Trust Fund which invests exclusively in securities which make up the Standard and Poor's 500 Stock Price Index.

**Humana Common Stock Fund:** Invests primarily in the Company's common stock, or in U.S. Treasury bills, commercial paper, certificates of deposit and money market funds as determined by the Trustee. All employer contributions to the Pretax Savings Account are invested in this fund. Employer contributions may be made in cash, in shares of the Company's common stock, or a combination thereof. At December 31, 1998 and 1997, this fund included \$61,138,490 and \$57,226,125, respectively, of nonparticipant directed funds related to the 401(k) employer match.

**Aggressive Growth Fund:** Invests primarily in shares of Fidelity

Contrafund which invests in common stocks and securities convertible into common stock which are undervalued in comparison to their future growth potential. The Fidelity Contrafund may also invest in preferred stocks, foreign securities, covered call options, put options, repurchase agreements, and cash equivalent securities.

Balanced Fund: Invests primarily in shares of Invesco Value Trust which invests in a diversified mix of securities including common and preferred stocks, corporate and U.S. Government bonds, and cash and cash equivalents, the objective of which is to emphasize current income while secondarily striving to attain capital growth.

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

#### Notes to Financial Statements, Continued

##### 1. Summary of Plan, continued:

###### a. Contributions, continued:

Small Capitalization Fund: Invests primarily in shares of Blackrock Small Cap Fund which invests in equity securities consisting primarily of emerging growth companies and companies with high growth potential. The Blackrock Small Cap Fund may also temporarily invest in cash and cash equivalents.

Long-Term Bond Fund: Invests primarily in shares of Pimco Fund which invests primarily in fixed income securities with average maturities of 9 to 12 years. These may include bonds issued by corporations and the U.S. Government, mortgage-backed securities, certificates of deposit, foreign securities and other types of fixed income investments.

Large Capitalization Fund: Invests primarily in shares of IDS New Dimensions Fund which invests primarily in common stocks of U.S. companies that operate in fields where dynamic economic or technological changes are taking place or that have excellent technologies, marketing or management.

A participant may allocate his/her contributions to the Pretax Savings Account and the Company's contribution to the Retirement Account among the various funds in increments of not less than 1%. In the absence of such allocation, these contributions are invested in the Interest Income Fund. In connection with a change in allocation of a participant's or the Company's future contributions among the nine plan funds and a change in the investment of existing accounts (Transfers), the value of Transfers to or from the Humana Common Stock Fund will reflect the price or prices at which all shares are purchased, sold or transferred before, on or after the participant's monthly election rather than transferring strictly based on the value at the monthly closing price.

Employee contributions are nonforfeitable. Participants who withdraw from the Pretax Savings Account prior to being credited with four years of participation or five years of service with the Company are eligible to receive generally the value of employer contributions at the withdrawal date, exclusive of those made during the two years preceding withdrawal. Employer contributions become totally nonforfeitable after the participant is credited with four years of participation in the Plan or five years of service with the Company. Forfeited balances of terminated participants' nonvested accounts are used

to reduce future Company contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Notes to Financial Statements, Continued

1. Summary of Plan, continued:

- a. Contributions, continued: Employer contributions forfeited as a result of withdrawal following termination of employment will be available to reduce the amount of subsequent employer contributions to the Pretax Savings Account. If a former participant is re-employed prior to five consecutive one-year breaks in service and repays the amount of his/her distribution, then any forfeited employer contributions are restored to his/her account.

There were approximately 24,000 and 18,500 participants at December 31, 1998 and 1997, respectively, who had allocated their contributions to one or more funds as follows:

	1998	1997
Interest Income Fund	15,449	14,204
Humana Common Stock Fund	20,242	13,917
Aggressive Growth Fund	10,400	8,776
Stock Index Fund	9,625	8,494
Small Capitalization Fund	7,151	6,478
Balanced Fund	6,377	5,585
International Fund	5,859	5,342
Large Capitalization Fund	3,710	1,727
Long-Term Bond Fund	1,617	678

- b. Withdrawals: The value of a participant's interest, including employer contributions, is generally payable upon the occurrence of one of the following events: (1) the participant's retirement after attaining age 55; (2) a determination by the Company upon competent medical or other evidence that, by reason of permanent and total disability, the participant is incapable of performing the duties of his/her work; or (3) the participant's death.

A participant may generally withdraw an amount from the Thrift Account equal to the value of the participant's account as of the valuation date following the date the withdrawal request is received by the Plan Administrator. In the event funds are needed because of extreme financial hardship, as defined by law, the participant may be allowed to make a withdrawal of his/her vested account balance. In addition, the Plan contains restrictions relating to minimum withdrawals and the frequency of withdrawals.

Notes to Financial Statements, Continued

1. Summary of Plan, continued:

- b. Withdrawals, continued: Benefits under the Plan are payable to withdrawing participants, including retirees, as follows:

- a. A lump-sum distribution in cash or, in the event of a distribution from the Humana Common Stock Fund, partially or totally in Humana common stock, or
- b. Monthly, quarterly or annual installments for a period of 5, 10, 15 or 20 years not to exceed the life expectancy of the participant, or the joint and last survivor expectancy of the participant and designated beneficiary, or
- c. A life annuity paid monthly or quarterly, or
- d. A life annuity with guaranteed payments for a period of 5, 10, 15 or 20 years.

The Plan permits the employee to roll over contributions from another qualified plan. An employee must make a written request to the Plan for a rollover contribution. These contributions must comply with certain requirements before the Plan will authorize the rollover contribution.

Participants may borrow from their fund accounts. The aggregate of the loans to a participant shall not exceed the lesser of \$50,000 or 50% of the vested portion of his/her participant contribution accounts, voluntary contribution accounts, plus his/her employer Thrift and Pretax Savings Accounts to which he/she would be entitled to if he/she incurred a termination of employment. The minimum a participant may borrow is \$500. Loan transactions are treated as a transfer to (from) the various investment funds from (to) the Participant Notes Fund. Loan terms range from one to four years or up to ten years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a reasonable rate in accordance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, as determined by the Plan Administrator. Principal and interest are repaid ratably through payroll deductions.

## 2. Summary of Significant Accounting Policies:

- a. **Basis of Accounting:** The financial statements of the Plan are prepared under the accrual method of accounting. Benefits are recorded when paid. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

## Notes to Financial Statements, Continued

### 2. Summary of Significant Accounting Policies, continued:

- b. **Valuation of Investments:** Investments in securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices.

The fair values of units in the Armada Government Fund are determined by the Trustee based upon the securities comprising the funds. The fair values for those securities represent the last recorded sale of the year. In the absence of recorded sales, and for securities not listed on a national securities exchange, the fair values represent the mean of bid and asked prices obtained from certified investment brokers.

The Interest Income Fund investments include, among others, investment contracts, collateralized mortgage obligations, bonds, asset-backed securities and other fixed income obligations such as commercial paper.

Investment contracts with insurance companies are fully benefit-responsive and are carried at contract value, which represents contributions, plus interest earned at specified rates, less withdrawals and administrative expenses. Investment contracts with banks are carried at fair value. Included in these investment contracts are synthetic GIC's which are fully benefit-responsive and are carried at contract value. The collateralized mortgage obligations, bonds and asset-backed securities are recorded at fair value. These securities are not listed on a national securities exchange. The fair values represent the mean of bid and asked prices obtained from certified investment brokers.

The Plan presents in the accompanying statements of changes in net assets available for benefits the net appreciation or depreciation in fair value of investments which consists of both realized gains or losses and unrealized appreciation or



depreciation.

c. Management Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of additions to and deductions from net assets during the reporting periods. Actual results could differ from those estimates.

Notes to Financial Statements, Continued

3. Merger:

On September 1, 1998, the assets of ChoiceCare Corporation's, a wholly-owned subsidiary of Humana Inc., ChoiceCare Savings Plan and ChoiceCare Money Purchase Pension Plan were merged with the Plan. The market value of the assets transferred was as follows:

ChoiceCare Savings Plan	\$ 8,318,019
ChoiceCare Money Purchase Pension Plan	5,120,004
	\$ 13,438,023

On September 1, 1998, the assets of Physician Corporation of America's, a wholly-owned subsidiary of Humana Inc., PCA 401(k) Retirement Plan were merged with the Plan. The market value of the assets transferred was \$17,348,163.

Effective March 3, 1997, the assets of Med-Pay, Inc.'s, a wholly-owned subsidiary of Humana Inc., Med-Pay, Inc. Employee 401(k) Plan were merged with the Plan. The market value of the assets transferred was \$234,410.

4. Investments:

Effective January 1, 1998, the Plan's investment assets are held by the Humana Retirement and Savings Master Trust (Master Trust). Earnings of the Master Trust are allocated between the Plan and the Humana Puerto Rico 1165(e) Retirement Plan based on each plan's investment balance to the total Master Trust investment balance. Earnings are further allocated to the respective participants based on each participant's respective asset total to total plan assets.

Notes to Financial Statements, Continued

4. Investments, continued:

The following table presents the fair value/contract value of investments at December 31, 1998 and 1997. Investments that represent 5% or more of the Plan's net assets, as well as investments in excess of \$2,000,000, as of December 31, 1998 and 1997 have been separately identified.

Issuer	December 31, 1998		December 31, 1997	
	Par or Maturity Value/Number of Units or Shares	Fair Value/Contract Value	Par or Maturity Value/Number of Units or Shares	Fair Value/Contract Value

Investments

at fair value:

Plan interest in Master Trust	\$ 474,899,722	-
Common stocks: Humana Inc.		

Common Stock	-	5,276,576	\$ 109,488,952
State Street Flagship Domestic Index Fund	-	444,439	70,779,636
Invesco Value Trustee Fund	-	878,433	25,553,625
Harbor International Fund	-	697,976	25,029,428
Compass Small Cap Fund	-	2,292,975	41,755,069
Fidelity Contrafund	-	1,507,523	70,295,782
Various	-	177,722	2,873,185
		474,899,722	345,775,677
Obligations due within one year:			
Other	-	334,745	334,745
Investment contracts			
- banks:			
Bankers Trust Co.	-	\$ 3,000,000	3,000,000
Caisse Des Depots (CDC)	-	\$ 3,621,939	3,621,939
Various	-	\$ 4,830,241	4,830,241
			11,452,180
Participant notes receivable:			
Various	-	\$ 8,627,127	8,627,127

Notes to Financial Statements, Continued

4. Investments, continued:

December 31,

Issuer	1998		1997	
	Par or Maturity Value/Number of Units or Shares	Fair Value/ Contract Value	Par or Maturity Value/Number of Units or Shares	Fair Value/ Contract Value
Investments at contract value:				
Investment contracts - insurance companies:				
Allstate Life Insurance Co.	-	\$ 3,000,000	\$ 3,346,960	
Allstate Life Insurance Co.	-	\$ 4,000,000	4,443,573	
Canada Life Assurance Co.	-	\$ 3,000,000	3,097,393	
Commonwealth Life Insurance Co., Synthetic GIC	-	\$ 18,940,771	18,940,771	
Commonwealth Life Insurance Co.	-	\$ 4,000,000	4,001,545	
Continental Assurance Co.	-	\$ 3,000,000	3,056,333	
Continental Assurance Co., Synthetic GIC	-	\$ 3,000,000	3,005,806	
Jackson National Life GIC	-	\$ 3,000,000	3,170,179	
Jackson National Life, Synthetic GIC	-	\$ 6,500,000	6,511,719	
John Hancock Mutual Life	-	\$ 2,000,000	2,031,864	
Life of Virginia		\$ 2,000,000	2,098,946	

Metropolitan Life Insurance Co., Group Annuity	-	\$ 2,000,000	2,051,817
New York Life Insurance Co., Group Annuity	-	\$ 3,000,000	3,163,188
New York Life Insurance Co., Group Annuity	-	\$ 3,000,000	3,036,565
Prudential Insurance Co.	-	\$ 2,000,000	2,085,499
TransAmerica Accidental Life Insurance Co.	-	\$ 3,000,000	3,182,795
United of Omaha Life Insurance Co.	-	\$ 3,000,000	3,006,767
Various	-	\$ 2,723,334	3,731,865
			73,963,585
		\$ 474,899,722	\$ 440,153,314

During the years ended December 31, 1998 and 1997, the Plan's investments (including investments bought, sold, and held during the year) appreciated in value as follows:

	1998	1997
Plan interest in Master Trust	\$ 29,861,241	-
Common stocks	-	\$ 52,332,615
Bonds and asset-backed securities	-	63
	\$ 29,861,241	\$ 52,332,678

#### Notes to Financial Statements, Continued

##### 4. Investments, continued:

As of December 31, 1998, the Plan's interest in the Master Trust was 99.77%. Investment income, administrative expenses and realized gains or losses related to the Master Trust are allocated monthly to the individual plans based upon the beginning monthly balances invested by each plan.

The fair value of the investments carried at contract value included in the Master Trust at December 31, 1998 was \$65,556,624 and the fair value of the investments carried at contract value included in the Plan's investments at December 31, 1997 was \$71,164,105. The average yield and crediting interest rate approximated 6.7% for 1998 and 1997.

The per share closing price of the Company's common stock was \$17.813 and \$20.75 on December 31, 1998 and 1997, respectively. On May 14, 1999, the per share closing price of the Company's common stock was \$12.875.

The fair value of net assets available for benefits of the Master Trust as of December 31, 1998 is described in the following table:

#### ASSETS

##### Investments, at fair value:

Common stocks:	
Humana Inc. Common Stock	\$ 105,495,230
State Street Flagship Domestic Index Fund	86,633,614
Pimco Funds	3,050,622
Invesco Value Trustee Fund	30,449,405
IDS New Dimensions Fund	8,702,265
Harbor International Fund	25,409,546
Blackrock Fund	38,262,087

Fidelity Contrafund	84,561,632
	382,564,401
Obligations due within one year:	
Armada Money Market Fund	3,059,358
Investment contracts - banks:	
Bankers Trust Co.	5,837,296
Caisse Des Depots (CDC)	7,421,264
	13,258,560
Participant notes receivable:	
Various	8,850,022
	407,732,341

Notes to Financial Statements, Continued

4. Investments, continued:

Investments, at contract value:	
Investment contracts - insurance companies:	
Allstate Life Insurance Co.	\$ 3,578,570
Allstate Life Insurance Co.	4,719,627
Continental Assurance Co.	3,056,333
Continental Assurance Co., Synthetic GIC	1,196,714
Jackson National Life GIC	3,365,280
Jackson National Life, Synthetic GIC	14,250,356
John Hancock Mutual Life	4,788,718
Lincoln National Life Insurance Co.	1,000,445
Metropolitan Life Insurance Co., Group Annuity	777,009
Metropolitan Life Insurance Co., Group Annuity	2,051,817
Monumental Life Insurance Co.	2,146,829
Monumental Life Insurance Co., Synthetic GIC	15,859,549
New York Life Insurance Co., Group Annuity	3,163,192
New York Life Insurance Co., Group Annuity	3,036,565
Prudential Insurance Co.	2,085,499
TransAmerica Accidental Life Insurance Co.	2,121,043
United of Omaha Life Insurance Co.	1,007,078
Various	5
	68,204,629
Total investments	475,936,970
Cash	2,919,076
Due from brokers for securities sold	43,684
Receivable from participating employers for participant withholdings and employers' contributions	16,056,246
Accrued interest and dividends	8,803,833
Total assets	503,759,809
LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS	
Accrued expenses	433,908
Forfeited employers' contributions available to reduce future employers' contributions	602,322
Total liabilities	1,036,230
Net assets available for benefits	\$ 502,723,579

Notes to Financial Statements, Continued

4. Investments, continued:

The changes in net assets available for benefits of the Master Trust for the year ended December 31, 1998 are as follows:

Additions:

Investment income:

Net appreciation in fair value of investments	\$	29,880,366
Interest		6,937,734
Dividends		2,562,800
		39,380,900

Transfer from participating plans for contributions:

Participants		29,231,431
Employers		41,693,083
Forfeited employers' contributions		(1,111,623)
Transfer from ChoiceCare Plans		13,438,023
Transfer from Merrill Lynch Trust		345,082
Transfer from PCA 401(k) Retirement Plan		17,348,163

Total additions 140,325,059

Deductions:

Transfer to participating plans for benefit payments		94,929,814
Administrative expenses		758,808

Total deductions 95,688,622

Net increase 44,636,437

Net assets available for benefits:

Beginning of year		458,087,142
End of year	\$	502,723,579

Notes to Financial Statements, Continued

5. Reconciliation of Financial Statements to Form 5500:

The following is a reconciliation of net assets available for benefits per the accompanying financial statements to the Form 5500:

	December 31,	
	1998	1997
Net assets available for benefits per the financial statements	\$ 501,540,409	\$ 458,087,142
Amount allocated to withdrawing participants	(3,599,673)	(6,967,433)
Net assets available for benefits per the Form 5500	\$ 497,940,736	\$ 451,119,709

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

	For the Year Ended December 31,	
	1998	1997
Benefits paid to participants per the financial statements	\$ 94,923,357	\$ 39,608,578
Add: Amounts allocated to withdrawing participants at		

end of year	3,599,673	6,967,433
Less: Amounts allocated to withdrawing participants at beginning of year	(6,967,433)	(1,484,772)
Benefits paid to participants per the Form 5500	\$ 91,555,597	\$ 45,091,239

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date.

#### 6. Income Tax Status:

The Internal Revenue Service (IRS) has determined, and informed the Company by a letter dated May 19, 1994, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter; however the Plan Administrator and the Plan's Tax Counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

#### Notes to Financial Statements, Continued

#### 7. Plan Termination:

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. If the Plan is terminated, the interest of each participant would continue to be nonforfeitable and would be distributed as determined by the Company.

#### 8. Related Party Transactions:

Administrative expenses of the Plan are paid by the Plan and allocated to the participants' accounts.

#### NOTES TO FINANCIAL STATEMENTS, Continued

#### 9. Net Assets by Fund at December 31, 1998:

ASSETS	Interest Income Fund	Stock Index Fund	Participant Directed			International Fund	Small Capitalization Fund
			Humana Common Stock Fund	Aggressive Growth Fund	Balanced Fund		
Investments:							
At fair value:							
Plan interest in Master Trust:	\$83,429,854	\$86,682,772	\$44,807,665	\$84,589,743	\$30,410,507	\$25,493,828	\$38,241,590
Other assets allocated from Master Trust:							
Cash	2,953,125		(8,853)				
Due from broker for securities sold	43,684						
Receivable from participating employers for participant withholdings and employers' contributions	8,382,680	1,621,002	1,388,659	1,418,143	429,387	475,875	683,446
Accrued interest and dividends	2,126,144	2,690	3,262	6,623,895	19,849	765	903
Total assets	96,935,487	88,306,464	46,190,733	92,631,781	30,859,743	25,970,468	38,925,939
LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS							
Liabilities allocated from Master Trust:							
Accrued expenses	71,549	67,688	86,482	91,001	36,268	27,502	39,906

Forfeited employers' contributions available to reduce future employers' contributions	157,576						
Total liabilities	229,125	67,688	86,482	91,001	36,268	27,502	39,906
Net asset available for benefits	\$96,706,362	\$88,238,776	\$46,104,251	\$92,540,780	\$30,823,475	\$25,942,966	\$38,886,033

NOTES TO FINANCIAL STATEMENTS, Continued

9. Net Assets by Fund at December 31, 1998 (Cont.):

ASSETS	Participant Directed			Nonparticipant Directed	Total
	Long-Term Bond Fund	Large Capitalization Fund	Participant Notes Fund	Humana Common Stock Fund	
Investments:					
At fair value:					
Plan interest in Master Trust	\$ 3,028,208	\$8,685,388	8,845,401	\$60,684,766	\$474,899,722
Other assets allocated from Master Trust:					
Cash	(16,935)	(11,017)	2,756		2,919,076
Due from broker for securities sold					43,684
Receivable from participating employers for participant with-holdings and employers' contributions	150,149	352,924	119,463	895,375	15,917,103
Accrued interest and dividends	16,119	196			8,793,823
Total assets	3,177,541	9,027,491	8,967,620	61,580,141	502,573,408
LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS					
Liabilities allocated from Master Trust:					
Accrued expenses	4,911	8,465			433,772
Forfeited employers' contributions available to reduce future employers' contributions				441,651	599,227
Total liabilities	4,911	8,465	-	441,651	1,032,999
Net asset available for benefits	\$3,172,630	\$9,019,026	\$8,967,620	\$61,138,490	\$501,540,409

NOTES TO FINANCIAL STATEMENTS, Continued

10. Net Assets by Fund at December 31, 1997:

ASSETS	Participant Directed						
	Interest Income Fund	Stock Index Fund	Humana Common Stock Fund	Aggressive Growth Fund	Balanced Fund	International Fund	Small Capitalization Fund
Investments:							
At fair value:							
Common Stocks		\$70,779,636	\$52,155,136	\$70,295,782	\$25,553,625	\$25,029,428	\$41,755,069
Armada Government Fund			238,656	11,582			84,212
Investment contracts	\$11,452,180						
Participant notes receivable	11,452,180	70,779,636	52,393,792	70,307,364	25,553,625	25,029,428	41,839,281
At contract value:							
Investment contracts	73,963,585						
Total investments	85,415,765	70,779,636	52,393,792	70,307,364	25,553,625	25,029,428	41,839,281

Cash	242,638	(459,735)	128,463	140,276	65,979	58,041	(8,347)
Due from broker for securities sold		546,645	182,183				
Receivable from participating employers for participant withholdings and employers' contributions	9,607,019	1,825,680	1,547,203	1,429,124	374,040	577,657	819,583
Accrued interest and dividends	1,230,411	1,098	2,262	250	234	31	635
<b>Total assets</b>	<b>96,495,833</b>	<b>72,693,324</b>	<b>54,253,903</b>	<b>71,877,014</b>	<b>25,993,878</b>	<b>25,665,157</b>	<b>42,651,152</b>
<b>LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS</b>							
Accrued expenses	66,673	88,771	173,495	108,279	75,989	35,819	56,944
Forfeited employers' contributions available to reduce future employers' contributions							
<b>Total liabilities</b>	<b>66,673</b>	<b>88,771</b>	<b>173,495</b>	<b>108,279</b>	<b>75,989</b>	<b>35,819</b>	<b>56,944</b>
Net asset available for benefits	\$96,429,160	\$72,604,553	\$54,080,408	\$71,768,735	\$25,917,889	\$25,629,338	\$42,594,208

NOTES TO FINANCIAL STATEMENTS, Continued

10. Net Assets by Fund at December 31, 1997 (Cont.):

	Participant Directed			Nonparticipant Directed	
	Long-Term Bond Fund	Large Capitalization Fund	Participant Notes Fund	Humana Common Stock Fund	Total
<b>ASSETS</b>					
Investments:					
At fair value:					
Common Stocks	\$ 1,092,973	\$ 1,780,212		\$57,333,816	\$345,775,677
Armada Government Fund	295				334,745
Investment contracts					11,452,180
Participant notes receivable			\$8,627,127		8,627,127
	1,093,268	1,780,212	8,627,127	57,333,816	366,189,729
At contract value:					
Investment contracts					73,963,585
<b>Total investments</b>	<b>1,093,268</b>	<b>1,780,212</b>	<b>8,627,127</b>	<b>57,333,816</b>	<b>440,153,314</b>
Cash	6,185	32,803	1,867		208,170
Due from broker for securities sold					728,828
Receivable from participating employers for participant withholdings and employers' contributions	104,137	191,329	3,142		16,478,914
Accrued interest and dividends	60	124			1,235,105
<b>Total assets</b>	<b>1,203,650</b>	<b>2,004,468</b>	<b>8,632,136</b>	<b>57,333,816</b>	<b>458,804,331</b>
<b>LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS</b>					
Accrued expenses	750	2,778	-		609,498
Forfeited employers' contributions available to reduce future employers' contributions				107,691	107,691
<b>Total liabilities</b>	<b>750</b>	<b>2,778</b>	<b>-</b>	<b>107,691</b>	<b>717,189</b>
Net asset available for benefits	\$1,202,900	\$2,001,690	\$8,632,136	\$57,226,125	\$458,087,142

NOTES TO FINANCIAL STATEMENTS, Continued

11. Activity by Fund for the Year Ended December 31, 1998:



	Interest Income Fund	Stock Index Fund	Participant Directed				Small Capitalization Fund
			Humana Common Stock Fund	Aggressive Growth Fund	Balanced Fund	International Fund	
<b>Additions:</b>							
Investment income:							
Plan interest in Master Trust							
Investment income:							
Interest and dividend income	\$ 5,904,182	\$ 10,783	\$ 52,128	\$ 627,941	\$ 728,737	\$ 374,151	\$ 628,883
Net appreciation (depreciation) in fair value of investments	(1,267)	20,149,535	(10,605,789)	21,745,174	2,967,663	2,300,706	(3,250,955)
	5,902,915	20,160,318	(10,553,661)	22,373,115	3,696,400	2,674,857	(2,622,072)
<b>Contributions:</b>							
Contributions allocated from Master Trust:							
Participants	2,441,217	4,391,521	4,481,394	6,752,489	2,815,365	2,453,979	3,557,836
Employers	8,314,110	1,435,397	3,420,182	1,158,383	338,602	393,055	580,760
Forfeited employers' contributions	(160,140)		(69,220)				
Transfers from ChoiceCare Plans	4,994,067	1,819,701	98,593	714,734	1,138,743	1,937,800	806,157
Transfer from PCA 401(k) Retirement Plan	8,239,409	2,846,900	364,598	439,056	1,127,715	1,584,594	512,901
Total additions	29,731,578	30,653,837	(2,258,114)	31,437,777	9,116,825	9,044,285	2,835,582
<b>Deductions:</b>							
Deductions allocated from Master Trust:							
Benefits paid to participants	25,762,178	16,455,313	6,783,573	12,398,334	4,953,276	4,968,308	5,719,253
Administrative expenses	170,419	148,418	191,728	109,755	39,896	35,409	51,476
Total deductions	25,932,597	16,603,731	6,975,301	12,508,089	4,993,172	5,003,717	5,770,729
Interfund transfers	(3,521,779)	1,584,117	1,257,258	1,842,357	781,933	(3,726,940)	(773,028)
Net increase (decrease)	277,202	15,634,223	(7,976,157)	20,772,045	4,905,586	313,628	(3,708,175)
<b>Net assets available for benefits:</b>							
Beginning of year	96,429,160	72,604,553	54,080,408	71,768,735	25,917,889	25,629,338	42,594,208
End of year	\$96,706,362	\$88,238,776	\$46,104,251	\$92,540,780	\$30,823,475	\$25,942,966	\$38,886,033

11. Activity by Fund for the Year Ended December 31, 1998 (Cont.):

	Participant Directed			Nonparticipant Directed	Total
	Long-Term Bond Fund	Large Capitalization Total	Participant Notes Fund	Humana Common Stock Fund	
<b>Additions:</b>					
Investment income:					
Plan interest in Master Trust					
Investment income:					
Interest and dividend income	\$ 125,017	\$ 385,556	\$ 661,525		\$ 9,498,903
Net appreciation (depreciation) in fair value of investments	68,092	1,288,549		\$(4,800,467)	29,861,241
	193,109	1,674,105	661,525	(4,800,467)	39,360,144
<b>Contributions:</b>					
Contributions allocated from Master Trust:					
Participants	407,897	1,710,765			29,012,463
Employers	129,747	271,789		25,043,932	41,085,957
Forfeited employers' contributions				(880,334)	(1,109,694)
Transfers from ChoiceCare Plans	263,199	1,416,607	248,422		13,438,023
Transfer from PCA 401(k) Retirement Plan	331,787	1,178,879	722,324		17,348,163
Total additions	1,325,739	6,252,145	1,632,271	19,363,131	139,135,056

Deductions:					
Deductions allocated from Master Trust:					
Benefits paid to participants	542,716	729,426	1,170,734	15,440,246	94,923,357
Administrative expenses	3,493	8,232		(394)	758,432
Total deductions	546,209	737,658	1,170,734	15,439,852	95,681,789
Interfund transfers	1,190,200	1,502,849	(126,053)	(10,914)	-
Net increase (decrease)	1,969,730	7,017,336	335,484	3,912,365	43,453,267
Net assets available for benefits:					
Beginning of year	1,202,900	2,001,690	8,632,136	57,226,125	458,087,142
End of year	\$3,172,630	\$9,019,026	\$8,967,620	\$61,138,490	\$501,540,409

NOTES TO FINANCIAL STATEMENTS, Continued

12. Activity by Fund for the Year Ended December 31, 1997:

	Participant Directed						
	Interest Income Fund	Stock Index Fund	Humana Common Stock Fund	Aggressive Growth Fund	Balanced Fund	International Fund	Small Capitalization Fund
Additions:							
Investment income:							
Net appreciation (depreciation) in fair value of investments	\$ 63	\$17,749,070	\$ (212,167)	\$12,685,663	\$ 4,520,216	\$ 2,529,095	\$10,525,557
Interest	6,021,727	4,597	35,172	102,665	11,534	2,107	4,854
Dividends				485,641	626,280	665,712	342,745
	6,021,790	17,753,667	(176,995)	13,273,969	5,158,030	3,196,914	10,873,156
Contributions:							
Participants	2,557,679	3,388,965	4,400,375	6,118,863	2,621,897	2,314,066	3,356,064
Employers	9,562,500	1,810,816	1,468,370	1,393,957	409,009	564,498	803,715
Forfeited employers' contributions	(88,500)		(283,448)				
Transfers from Med-Pay, Inc. Employee 401(k) Plan	69,781	28,528	16,167	23,194	5,276	23,263	16,635
Total additions	18,123,250	22,981,976	5,424,469	20,809,983	8,194,212	6,098,741	15,049,570
Deductions:							
Benefits paid to participants	12,393,820	4,992,886	1,059,270	5,284,852	2,350,900	1,682,131	3,126,004
Administrative expenses	179,138	118,199	167,646	77,296	27,610	28,667	43,413
Total deductions	12,572,958	5,111,085	1,226,916	5,362,148	2,378,510	1,710,798	3,169,417
Interfund transfers	(5,245,137)	1,469,127	(1,225,166)	(327,108)	173,557	953,456	1,052,882
Net increase	305,155	19,340,018	2,972,387	15,120,727	5,989,259	5,341,399	12,933,035
Net assets available for benefits:							
Beginning of year	96,124,005	53,264,535	51,108,021	56,648,008	19,928,630	20,287,939	29,661,173
End of year	\$96,429,160	\$72,604,553	\$54,080,408	\$71,768,735	\$25,917,889	\$25,629,338	\$42,594,208

12. Activity by Fund for the Year Ended December 31, 1997 (Cont.):

Long-Term Bond Fund	Participant Directed		Nonparticipant Directed	
	Large Capitalization Total	Participant Notes Fund	Humana Common Stock Fund	Total

Additions:					
Investment income:					
Net appreciation (depreciation) in fair value of investments					
	\$ 36,562	\$ 59,574		\$ 4,439,045	\$ 52,332,678
Interest	4,641	1,084	\$ 645,330		6,833,711
Dividends	35,496	127,355			2,283,229
	76,699	188,013	645,330	4,439,045	61,449,618
Contributions:					
Participants	167,972	468,693			25,394,574
Employers	85,420	237,611		9,689,350	26,025,246
Forfeited employers' contributions				(421,863)	(793,811)
Transfers from Med-Pay, Inc. Employee 401(k) Plan	105	51,461			234,410
Total additions	330,196	945,778	645,330	13,706,532	112,310,037
Deductions:					
Benefits paid to participants	6,651	38,578	728,620	7,944,866	39,608,578
Administrative expenses	901	1,377		2,298	646,545
Total deductions	7,552	39,955	728,620	7,947,164	40,255,123
Interfund transfers	880,256	1,095,867	1,172,318	(52)	-
Net increase	1,202,900	2,001,690	1,089,028	5,759,316	72,054,914
Net assets available for benefits:					
Beginning of year			7,543,108	51,466,809	386,032,228
End of year	\$1,202,900	\$2,001,690	\$8,632,136	\$57,226,125	\$458,087,142

Humana Retirement and Savings Plan  
Plan #002 EIN #61-0647538  
Line 27a - Schedule of Assets Held for Investment Purposes  
December 31, 1998

Issuer	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Fair Value/Contract Value
Investments at fair value:			
Plan interest in Master Trust	Various	\$ 380,832,154	\$ 474,899,722

Humana Retirement and Savings Plan  
Plan #002 EIN #61-0647538  
Line 27d - Schedule of Reportable Transactions  
for the year ended December 31, 1998

Identity of Party Involved	Description of Asset	Purchase Price	Selling Price	Lease Rental	Expense Incurred with Transaction	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (Loss)
----------------------------	----------------------	----------------	---------------	--------------	-----------------------------------	---------------	--	-----------------

No reportable transactions.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Humana Retirement and Savings Plan has duly caused this report to be signed by the undersigned thereunto duly authorized.

HUMANA RETIREMENT AND SAVINGS PLAN

BY:

/s/James E. Murray

\_\_\_\_\_  
James E. Murray  
Chief Financial Officer

June 28, 1999

Exhibit Index

\_\_\_\_\_

Exhibit 23

Consent of Independent Accountants

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-49305) of Humana Inc. of our report dated May 14, 1999 relating to the financial statements and supplemental schedules of the Humana Retirement and Savings Plan as of and for the years ended December 31, 1998 and 1997 which appears in this Form 11-K.

/s/ PricewaterhouseCoopers LLP

Louisville, Kentucky  
June 28, 1999