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 March 31, 1996

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 (Address of principal executive offices)	40202 (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 May 9, 1996
$.16 2/3 par value	162,395,085 shares

Part I: Financial Information

Item 1. Financial Statements

Exhibits

Exhibit 10(a) Placement Agency Agreement between Humana Inc. and Merrill Lynch Money Markets Inc. dated February 20, 1996

Exhibit 10(b) Placement Agency Agreement between Humana Inc. and Chemical Securities Inc. dated March 6, 1996

Exhibit 12 Ratio of Earnings to Fixed Charges

Exhibit 27 Financial Data Schedule

Condensed Consolidated Statement of Income
Humana Inc.
For the quarters ended March 31, 1996 and 1995
Unaudited
(Dollars in millions except per share results)

	1996	1995
Revenues:		
Premiums	$1,560	$1,025
Interest	25	19
Other income	3	4
Total revenues	1,588	1,048
Operating expenses:		
Medical costs	1,274	826
Selling, general and administrative	203	125
Depreciation and amortization	25	15
Total operating expenses	1,502	966

Income from operations	86	82
Interest expense	5	2
Income before income taxes	81	80
Provision for income taxes	28	27
Net income	$ 53	$ 53
Earnings per common share	$ .32	$ .32
Shares used in earnings per common share computation (000)	162,379	162,040

See accompanying notes.

Condensed Consolidated Balance Sheet
Humana Inc.
Unaudited
(Dollars in millions except per share amounts)

	March 31, 1996	December 31, 1995
Assets		
Current assets:		
Cash and cash equivalents	$ 279	$ 182
Marketable securities	1,186	1,156
Premiums receivable, less allowance for doubtful accounts $40 - March 31, 1996 and $36 - December 31, 1995	135	131
Other	162	124
Total current assets	1,762	1,593
Long-term marketable securities	158	180
Property and equipment, net	381	382
Cost in excess of net assets acquired	533	536
Other	180	187
Total assets	$3,014	$2,878
Liabilities and Common Stockholders' Equity		
Current liabilities:		
Medical costs payable	$ 936	$ 866
Trade accounts payable and accrued expenses	299	291
Income taxes payable	65	35
Total current liabilities	1,300	1,192
Long-term debt	230	250
Professional liability and other obligations	152	149
Total liabilities	1,682	1,591

Contingencies		
Common stockholders' equity:		
Common stock, $.16 2/3 par; authorized 300,000,000 shares; issued and outstanding 162,260,071 shares - March 31, 1996 and 162,099,403 shares - December 31, 1995	27	27
Other	1,305	1,260
Total common stockholders' equity	1,332	1,287
Total liabilities and common stockholders' equity	$3,014	$2,878

See accompanying notes.

Condensed Consolidated Statement of Cash Flows
Humana Inc.
For the quarters ended March 31, 1996 and 1995
Unaudited
(Dollars in millions)

	1996	1995
Cash flows from operating activities:		
Net income	$ 53	$ 53
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25	15
Changes in operating assets and liabilities	89	108
Other	(5)	(2)
Net cash provided by operating activities	162	174
Cash flows from investing activities:		
Purchases and dispositions of property and equipment, net	(13)	(12)
Change in marketable securities	(33)	22
Net cash (used in) provided by investing activities	(46)	10
Cash flows from financing activities:		
Repayment of long-term debt	(20)	
Other	1	3
Net cash (used in) provided by financing activities	(19)	3
Increase in cash and cash equivalents	97	187
Cash and cash equivalents at beginning of period	182	272
Cash and cash equivalents at end of period	$ 279	$ 459

Interest payments	$ 4	$ 1
Income tax payments, net		2

See accompanying notes.

Notes To Condensed Consolidated Financial Statements
Humana Inc.
Unaudited

(A) Basis of Presentation

The accompanying condensed consolidated 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 the Form 10-K of Humana Inc. (the "Company") for the year ended December 31, 1995.

The preparation of the Company's condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (a) the reported amounts of assets and liablities, (b) disclosure of contingent assets and liabilities at the date of the financial statements and (c) reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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) Contingencies

The Company's Medicare risk contracts with the federal government are renewed for a one-year term each December 31 unless terminated 90 days prior thereto. Current legislative proposals are being considered which include modification of future reimbursement rates under the Medicare program and proposals which encourage the use of managed health care for Medicare beneficiaries. Management is unable to predict the outcome of these proposals or the impact they may have on the Company's financial position, results of operations or cash flows. The loss of these contracts or significant changes in the Medicare risk program as a result of legislative action, 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 the Company. Effective January 1, 1996, the average rate of increase under these contracts approximated 8 percent, a significant portion of which is expected to be paid to the Company's providers. Over the last five years, annual increases have ranged from as low as 3 percent in January 1994 to as high as 12 percent in January 1993, with an average of approximately 7 percent.

The Company will begin providing managed health care services on July 1, 1996 pursuant to a potential five-year $3.8 billion contract (a one-year contract renewable annually for up to four additional years at approximately $750 million per year) with the United States Department of Defense under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). The use of managed health care under the CHAMPUS is a new program and this

is the Company's first endeavor operating under Department of Defense guidelines. Management is unable to determine the Company's future degree of success in managing the implementation and delivery of services under the CHAMPUS contract, and what effect, if any, this contract may have on the Company's results of operations, financial position or cash flows.

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 the Company's results of operations, financial position or cash flows.

(C) Subsequent Event

During April 1996, the Company implemented and began issuing debt under a commercial paper program, which is backed by the Company's existing $600 million revolving credit agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis contains both historical and forward looking information. The forward looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements may be significantly impacted by certain risks and uncertainties described herein, and in the Company's Annual Report on Form 10-K for the year ended December 31, 1995. There can be no assurance that the Company can duplicate its past performance or that expected future results will be achieved.

Introduction

The Company offers managed health care products which integrate management with the delivery of health care services through a network of providers, who in their delivery of quality medical services, may share financial risk or have incentives to deliver cost-effective medical services. These products are marketed primarily through health maintenance organizations ("HMO's") and preferred provider organizations ("PPOs") that encourage or require the use of contracting providers. HMOs and PPOs 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 Company's HMO and PPO products are marketed primarily to employer and other groups ("Commercial") as well as Medicare and Medicaid-eligible individuals. The products marketed to Medicare-eligible individuals are either HMO products that provide managed care services which include all Medicare benefits and, in certain circumstances, additional managed care services that are not included in Medicare benefits ("Medicare risk") or indemnity insurance policies that supplement Medicare benefits ("Medicare supplement").

Results of Operations

The Company's premium revenues increased 52.1 percent to $1.6 billion for the quarter ended March 31, 1996, compared to $1.0 billion for the same period in 1995. This increase was due primarily to the fourth quarter of 1995 acquisition of EMPHESYS Financial Group, Inc. ("EMPHESYS"). EMPHESYS' premium revenues for the quarter ended March 31, 1996 totaled approximately $424 million. In addition to the acquisition of EMPHESYS, premium revenues increased as a result of same-store membership growth and premium rate increases. Commercial product same-store membership increased to 1,797,700 from 1,664,600 for the period between March 31, 1995 and March 31, 1996, while Medicare risk membership increased to 322,300 from 292,500 during the same period. The Commercial membership growth was the result of increases during the last three quarters of 1995. The Medicare risk premium

rate increased approximately 8.0 percent but was partially offset by Commercial premium rate reductions of 1.8 percent. The weighted average Medicare risk premium rate increase for calendar year 1996 will approximate 8 percent. Management anticipates that the 1996 weighted average Commercial premium rates for calendar year 1996 will decline 1 to 2 percent.

Membership in the Company's Commercial products decreased 21,000 during the first quarter ended March 31, 1996 compared to an increase of 136,300 for the same period in 1995. The decrease is primarily the result of the loss of approximately 50,000 members related to one customer group as well as the Company's plan to price its products based on costs trends. Medicare risk members increased by 11,900 during the first quarter compared to 5,100 for the same period in 1995. The Medicare risk membership growth is primarily the result of sales in new Medicare markets. Given the highly competitive Commercial pricing environment and the Company's intention to price it's Commercial products based on cost trends, management anticipates Commercial product membership gains of approximately 4 percent for calendar year 1996. Medicare risk membership gains are expected to approximate 12 to 14 percent.

The medical loss ratio for the quarter ended March 31, 1996 was 81.7 percent compared to 80.6 percent for the same period in 1995. The increase was concentrated in the Company's Commercial product and was the result of declining premium rates combined with increasing outpatient hospital and physician services costs. Although the Company is continuing its efforts to control medical costs, given the competitive pricing environment and lack of improving medical cost trends, the Company's medical loss ratio is not expected to improve during the remainder of 1996. The Company has also experienced substantially greater than expected costs in its Washington, D.C. market as well as markets where significant growth occurred during 1995 (service area expansion markets). Management is currently evaluating more stringent cost control initiatives and strategic alternatives in its Washington, D.C. and service area expansion markets.

The administrative cost ratio was 14.7 percent and 13.7 percent for the quarters ended March 31, 1996 and 1995, respectively. The increase was due to higher administrative costs associated with EMPHESYS' small group business. Management anticipates that the administrative cost ratio will be flat to slightly down sequentially for the remainder of 1996.

Interest income totaled $25 million and $19 million for the quarters ended March 31, 1996 and 1995, respectively. The increase is primarily attributable to increased levels of cash, cash equivalents and marketable securities and the addition of EMPHESYS' portfolio. The tax equivalent yield on invested assets approximated 8 percent for each of the quarters ended March 31, 1996 and 1995.

The Company's income before income taxes totaled $81 million for the quarter ended March 31, 1996, compared to $80 million for the quarter ended March 31, 1995. Net income was $53 million or $.32 per share for each of the quarters ended March 31, 1996 and 1995.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

Liquidity

Cash provided by the Company's operations totaled $162 million and $174 million for the quarters ended March 31, 1996 and 1995, respectively. Net income for both periods was flat while increased depreciation and amortization during the period ended March 31, 1996, was offset by a reduction in cash provided by changes in operating assets and liabilities.

Changes in operating assets and liabilities relate to the timing of receipts and disbursements for premiums receivable, medical costs, unearned premiums and other liabilities.

During the quarter ended March 31, 1996, the Company repaid $20 million of amounts outstanding under its revolving credit agreement using cash from operations.

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 their parent company requires regulatory approval.

During April 1996, the Company implemented and began issuing debt under a commercial paper program, which is backed by the Company's existing $600 million revolving credit agreement. Management anticipates the commercial paper program will provide additional sources of borrowing, greater flexibility and rates possibly more favorable than those under the revolving credit agreement.

Management believes that existing working capital, future operating cash flows, and the availability of the Company's commercial paper program and revolving credit agreement are sufficient to not only meet future liquidity needs and fund capital requirements, but also should facilitate the Company's pursuing acquisition and expansion opportunities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

Capital Resources

The Company's ongoing capital expenditures relate primarily to the addition or expansion of 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 1996 will approximate $65 million to $70 million compared to $54 million in 1995. Capital spending generally relates to the expansion and improvement of medical care facilities, administrative facilities and related computer information systems.

	1996	1995
Commercial members enrolled at:		
March 31	2,862,900	1,664,600
June 30		1,719,300
September 30		1,780,200
December 31		2,883,900
Medicare risk members enrolled at:		
March 31	322,300	292,500
June 30		296,600
September 30		304,300
December 31		310,400
Medicare supplement members enrolled at:		
March 31	109,600	126,100
June 30		121,900
September 30		119,100
December 31		115,000
Administrative services members enrolled at:		
March 31	444,700	228,400
June 30		264,400
September 30		262,800
December 31		495,100
Total medical members enrolled at:		
March 31	3,739,500	2,311,600
June 30		2,402,200
September 30		2,466,400

December 31		3,804,400

Humana Inc.

Part II: Other Information

Items 1 - 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 9, 1996 for the purpose of electing the board of directors and voting on a new stock incentive plan for employees.

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

(c) Two 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.	139,055,592	653,905
Michael E. Gellert	139,030,418	679,079
John R. Hall	139,053,237	656,260
David A. Jones	139,054,350	655,147
David A. Jones, Jr.	139,038,018	671,479
Irwin Lerner	139,044,602	664,895
W. Ann Reynolds, Ph.D	139,054,316	655,181
Wayne T. Smith	139,064,558	644,939

(2) The stockholders approved with 118,849,118 affirmative votes, 20,247,351 negative votes, and 613,028 abstentions, the proposal to adopt the Company's 1996 Stock Incentive Plan for Employees.

Item 5:

None

Part II: Other Information, continued:

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 10(a) - Placement Agency Agreement between Humana Inc. and Merrill Lynch Money Markets Inc. dated February 20, 1996, filed herewith.

Exhibit 10(b) - Placement Agency Agreement between Humana Inc. and Chemical Securities Inc. dated March 6, 1996, filed herewith.

Exhibit 12 - Statement re: Computation of Ratio of Earnings to Fixed Charges, filed herewith.

Exhibit 27 - Financial Data Schedule, filed herewith.

(b) No reports on Form 8-K were filed during the quarter ended March 31, 1996.

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: May 15, 1996 /s/ James E. Murray

James E. Murray
Vice President-Finance
(Principal Accounting Officer)

Date: May 15, 1996 /s/ Arthur P. Hipwell

Arthur P. Hipwell
Senior Vice President and
General Counsel

PLACEMENT AGENCY AGREEMENT

PLACEMENT AGENCY AGREEMENT dated as of February 20, 1996 between Humana Inc., a Delaware corporation (the "Company"), and MERRILL LYNCH MONEY MARKETS INC., a Delaware corporation ("Merrill Lynch").

W I T N E S S E T H:

WHEREAS, the Company has requested Merrill Lynch to act as the agent of the Company for the private placement to accredited investors of the Company's unsecured notes with maturities of up to 270 days from date of issue (the "Notes").

WHEREAS, the Notes will be represented by either individual note certificates ("Certificated Notes") or a master note of the Company. Individual Notes shall be issued substantially in the form of Exhibit A-1 or A-2 hereto, while master notes shall be issued substantially in the form of Exhibit B-1 or Exhibit B-2 hereto. Notes represented by a master note shall be referred to herein as "Book-Entry Notes."

WHEREAS, Merrill Lynch has indicated its willingness to act as agent of the Company in the private placement of the Notes, subject to the satisfactory completion of such investigation and inquiry into the Company's business as Merrill Lynch deems appropriate under the circumstances.

NOW THEREFORE, in consideration of the premises, the parties agree as follows:

1. Appointment as Placement Agent. (a) The Company appoints Merrill Lynch as one of its placement agents for the Notes and acknowledges that Merrill Lynch shall have the right to assist the Company in the placement of the Notes during the term of this Agreement in conjunction with Company's other placement agents. The Company agrees that during the period Merrill Lynch is acting as the Company's placement agent hereunder, the Company shall not, except through its co-placement agents, directly contact or solicit potential investors to purchase the Notes or engage any person or party to assist in the placement of Notes. While Merrill Lynch shall not have any obligation to purchase, as principal, Notes from the Company under any circumstances, Merrill Lynch may, from time to time, in its sole discretion purchase Notes, as principal, from the Company.

(b) The Company and Merrill Lynch agree that any Notes the placement of which Merrill Lynch arranges or which are purchased by Merrill Lynch shall be placed or purchased by Merrill Lynch in reliance on the representations, warranties, covenants and agreements of the Company contained herein and on the terms and conditions and in the manner provided herein.

(c) The Notes will be issued pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agreement ") between Chase Manhattan Bank, as issuing and paying agent (the "Issuing and Paying Agent") and the Company. The Company will not amend the Issuing and Paying Agency Agreement without giving Merrill Lynch prior notice and a copy of such amendment. The Notes will be issued in such face or principal amounts (but not less than $250,000 each), and will bear such interest rates (if interest-bearing), or will be sold at such discounts, from their face amounts, as shall be mutually agreed to by the Company and Merrill Lynch at the time of each proposed purchase or placement.

(d) Merrill Lynch shall have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes, in whole or in part.

(e) The Company may instruct Merrill Lynch to suspend

solicitation of purchases of Notes at any time. Upon receipt of such instruction, Merrill Lynch will forthwith suspend solicitation until such time as the Company has advised it that solicitation of purchases may be resumed.

2. Offers and Sales of the Notes. The offer and sale of the Notes by the Company is to be effected pursuant to the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act"), provided by Section 4(2) thereof and Regulation D thereunder, which exempt transactions by an issuer not involving any public offering. Offers and sales of the Notes by the Company will be made in accordance with the general provisions of Rule 506 under the Act. Merrill Lynch and the Company hereby establish the following procedures in connection with the offer and sale or resale of the Notes:

(a) Offers and sales of the Notes will be made by the Company only to purchasers which qualify as accredited investors (as defined in Rule 501 (a) under the Act) (each such institutional purchaser being hereinafter called an "accredited investor"). Resales of the Notes will be made only to accredited investors or to institutional purchasers which are qualified institutional buyers (as defined in Rule 144A under the Act) (each such institutional purchaser being hereinafter called a "qualified institutional buyer"). No Notes will be offered to natural persons.

(b) The Notes will be offered only by approaching prospective purchasers on an individual basis. The Notes will not be offered or sold by any means of general solicitation or general advertising.

(c) In the case of a purchaser which is acting as a fiduciary for one or more third parties and which is not a bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as described in Section 3(a)(5) of the Act (each such purchaser, a "non-bank fiduciary"), each such third party will, in the judgment of Merrill Lynch, after due inquiry be an accredited investor or qualified institutional buyer.

(d) No sale of the Notes to any one purchaser will be for less than $250,000 face amount and no Note will be issued in a smaller face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least $250,000 face amount of the Notes.

(e) Each individual Note shall contain the legend set forth on the form of such Note attached as Exhibit A-1 or A-2 hereto, stating in effect that such Note has not been registered under the Act and that a resale or other transfer of such Note or any interest therein shall be made only (i) to Merrill Lynch or through Merrill Lynch to an institutional investor approved as an accredited investor or as a qualified institutional buyer by Merrill Lynch or (ii) to a qualified institutional buyer in a transaction made pursuant to Rule 144A under the Act. The purpose of this requirement is to ensure that Notes are resold or otherwise transferred only to accredited investors or qualified institutional buyers and not in a manner that might call into question the non-public offering character of the offer and sale of the Notes.

(f) A Private Placement Memorandum will be made available to each purchaser or prospective purchaser together with any supplements to such Private Placement Memorandum which may have been prepared by the Company. The Private Placement Memorandum will contain a representation to the effect that the purchaser of a Note has hadan opportunity to ask questions of, and receive answers from, the Company concerning the offering of the Notes and to obtain copies of any of the Company Information (as defined below) that is referred to therein at no charge. The Private Placement Memorandum, including any Company Information referred to therein ishereby referred to as the "Disclosure Documents".

(g) In addition to the other requirements of this Section 2,

during any period the Company is not subject to the periodic filing requirements of the Securities Exchange Act of 1934, the Company agrees that, upon written request by any holder of the Notes, the Company will provide to the holder or to a prospective purchaser designated by the holder a copy of the Private Placement Memorandum and(i) the Company's most recent audited balance sheet that is as of a date less than 16 months old and audited statements of profit and loss and retained earnings for the 12 months preceding the date of the balance sheet, (ii) similar audited financial statements for the preceding two fiscal years or for such shorter period as the Company has been in operation and (iii) if the Company's most recent balance sheet is not as of a date less than six months old, additional statements of profit and loss and retained earnings (which may be unaudited) for the period from the date of such balance sheet to a date as of less than six months old. The purpose of this provision is to satisfy the conditions of paragraph (d)(4) of Rule 144A under the Act, so that resales of the Notes may be made to qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A. The Private Placement Memorandum and each Note shall disclose that a holder of the Note may request, in writing, the information specified by paragraph (d)(4) of Rule 144A in connection with an intended sale or transfer of the Note pursuant to Rule 144A.

(h) The Company agrees to cooperate with Merrill Lynch in the preparation of the Private Placement Memorandum and in amending it as from time to time may be necessary. Accordingly, the Company agrees to furnish Merrill Lynch with such information as requested to satisfy the conditions of paragraph (d)(4) of Rule 144A under the Act.The Company will furnish copies of its most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), each definitive proxy statement, each report on Form 10-Q and each report on Form 8-KAs long as any of the Notes are outstanding, the Company will provide Merrill Lynch with copies of all annual, interim, quarterly reports, proxy statements and registration statements which the Company files with the SEC, copies of all reports to the rating agencies, of all public releases or other publicly availableinformation (collectively, "the Company Information") in such quantities as Merrill Lynch may reasonably request.

(i) Prior to any offer or sale of Notes, Merrill Lynch shall, with the cooperation of the Company, have the right to make such reasonable due diligence investigation of the business of the Company as is usual in the course of continuous offerings of debt instruments. The Company will immediately inform Merrill Lynch in writing of any material adverse change the condition, financial or otherwise, earnings, business affairs, results of operations or business prospects of the Company which (i) make or might make any statement in the Disclosure Documents false or misleading in any material respect or (ii) are not disclosed in such documents. In such event, Merrill Lynch shall not thereafter attempt to offer or place any of the Notes until the Company shall have prepared and furnished to Merrill Lynch, in such numbers as Merrill Lynch may require, supplements to, or amendments of, the Private Placement Memorandum reflecting any such material changes. Such supplements or amendments shall be prepared promptly by the Company.

(j) The Company agrees to file a notice on Form D with the Securities and Exchange Commission (the "SEC") no later than fifteen days after the first issuance of Notes and at such other times as may be required pursuant to Rule 503 under the Act.

(k) Merrill Lynch shall not be liable or responsible to the Company for any losses, damages or liabilities suffered or incurred by the Company, including any losses, damages or liabilities under the Act, arising from or relating to any resale or transfer of a Note other than for losses, damages or liabilities arising from Merrill Lynch's gross negligence or willful misconduct.

3. Representations and Warranties. The Company represents and warrants to Merrill Lynch as of the date hereof and as of each date

contemplated by Section 4 hereof that:

(a) The Disclosure Documents do not and will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

(b) The financial statements included in the Disclosure Documents, if any, are and will be in accordance with the related books and records of the Company and are and will be complete and correct and fairly present in accordance with generally accepted accounting principles the financial position of the Company and its consolidated subsidiaries as at the dates set forth therein and the results of their operations for the periods set forth therein. Except as set forth in the Disclosure Documents, said financial statements have been prepared in conformity with generally accepted accounting principles applied on a basis which is consistent in all material respects during the periods involved. The supporting schedules, if any, included in the financial statements present fairly the information required to be stated therein as of the dates or for the periods indicated.

(c) Since the respective dates as of which information is given in the Disclosure Documents, except as may otherwise be stated or contemplated therein or in any amendment or supplement thereto, there has not been any material adverse change in the condition, financial or otherwise, of the Company and its subsidiaries taken as a whole, or in the earnings, affairs or business prospects of the Company, and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business.

(d) The Company (i) has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of corporation, and (ii) has the requisite corporate power and authority to execute and deliver the Notes and to perform its obligations thereunder and to own its properties and conduct its business as described in the Disclosure Documents.

(e) The Company is not in violation of its charter or by-laws or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any material contract, indenture, mortgage, loan agreement or lease to which the Company is a party or by which it may be bound. The execution and delivery of this Agreement, the Issuing and Paying Agency Agreement and the Notes and the incurrence of the obligations and consummation of the transactions herein contemplated will not conflict with, or constitute a breach of or default under, its charter or by-laws of the Company or any material contract, indenture, mortgage, loan agreement or lease, to which each is a party or by which the Company may be bound, or any law, administrative regulation or court decree.

(f) Each of this Agreement and the Issuing and Paying Agency Agreement has been duly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws relating to or affecting generally the enforcement of creditors' rights or by general equitable principles.

(g) The Notes have been duly authorized for issuance, offer and sale as contemplated by the Agreement and, when issued and delivered against payment of the purchase price therefor, will constitute legal, valid and binding obligations of the Company enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws relating to or affecting generally the enforcement of creditors' rights or by general equitable principles.

(h) Assuming compliance with Section 5(b) hereof, no

consent, approval, authorization, order, registration or qualification of or with any court or any regulatory authority or other governmental agency or body (including the SEC) is required for the issuance, offer or sale of the Notes by the Company in accordance with the terms of this Agreement or for the consummation of the transactions contemplated by this Agreement, the Issuing and Paying Agency Agreement or the Notes.

(i) There are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject, other than as set forth in the Disclosure Documents and other than legal or governmental proceedings, which in each case will not have a material adverse effect on the business, financial condition, shareholders' equity or results of operations of the Company and its subsidiaries taken as a whole; and to the best of its knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(j) The Company is not an "investment company", or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(k) The offer, issuance, sale and delivery of the Notes in accordance with the terms of this Agreement will constitute exempt transactions under the Act pursuant to Section 4(2) thereof, and registration of the Notes under the Act will not be required; the Notes are eligible pursuant to Rule 144A under the Act.

(l) The Notes rank at least pari passu with all other unsecured and unsubordinated indebtedness of the Company.

(m) The Company agrees to maintain credit lines with Chemical Bank, as agent bank (as agent bank, the "Bank") which can be used to support payment on the Notes hereunder and agrees to report, and will cause the Bank to report, to Merrill Lynch on the status and usage of such credit lines, on a [quarterly] [monthly] basis.

4. Additional Representation and Warranty. Each acceptance by the Company of an offer for the purchase of Notes shall be deemed an affirmation by the Company that its representations and warranties set forth in Section 3 hereof are true and correct at the time of such acceptance, and an undertaking that such representations and warranties will be true and correct at the time of delivery to the purchaser or its agent of the Note or Notes relating to such acceptance, as though made at and as of such time (it being understood that insofar as such representations and warranties relate to the Private Placement Memorandum, such representations and warranties shall relate to the Private Placement Memorandum delivered to prospective purchasers of Notes at the time of such acceptance and at the time of such delivery of the Note or Notes relating to such acceptance, respectively.)

5. Covenants (a) The Company agrees that no future offer and sale of debt securities of the Company of any class will be made if, as a result of the doctrine of "integration" referred to in Rule 502 of Regulation D under the Act, Securities Act Release No. 6389 (March 8, 1982), Securities Act Releases Nos. 4434 (December 6, 1961), 4552 (November 6, 1962) and 4708 (July 9, 1964), and various "no-action" letters made available by the SEC, such offer and sale would call into question the entitlement of the Notes to the exemption from the registration requirements of the Act provided by Section 4(2) thereof.

(b) The Company will endeavor, in cooperation with Merrill Lynch, to qualify the Notes for offer and sale under the applicable securities laws of such states and other jurisdictions of the United States as the Company and Merrill Lynch shall determine, and will maintain such qualifications in effect for as long as may be required for the distribution of the Notes. The Company will file such statements and reports as may

be required by the laws of each jurisdiction in which the Notes have been qualified as above provided.

(c) No part of the proceeds of any Notes will be used in any transaction or for any purpose which violates the provisions of Regulations, G, T, U and X of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. Other than pursuant to the requirements of the following sentence, the Company shall not use the proceeds of the Notes to finance any acquisition of securities, within the meaning of Regulation T. The Company agrees that if it intends to use the proceeds of the sale of its Notes for the purpose of purchasing or carrying securities within the meaning of Regulation T and the interpretations thereunder by the Board of Governors of the Federal Reserve System, it will give five business days' notice to Merrill Lynch of its intention to do so and prompt notice of the actual commencement of such use of proceeds.

6. Conditions Precedent to Placement of the Notes. (a) Prior to the initial placement of Notes hereunder the Company shall cause to be delivered to Merrill Lynch (i) the written opinion of counsel to the Company substantially in the form of Exhibit C hereto, (ii) a certificate of the Secretary or other appropriate officer of the Company certifying true copies of the resolutions of the Company approving this Agreement, the Issuing and Paying Agency Agreement, the Notes and the transactions contemplated hereby and certifying the incumbency, authority and true signatures of the officers of the Company authorized to sign this Agreement and the Notes, and (iii) an original executed copy, photocopy or conformed copy of the Issuing and Paying Agency Agreement, which shall be in form and substance reasonably acceptable to Merrill Lynch, and (iv) if applicable, the DTC Representation Letter (as that term is defined below) which shall be in form and substance reasonably acceptable to Merrill Lynch. Merrill Lynch may deliver a copy of the opinion referred to in clause (i) above to any purchaser of a Note who requests such a copy.

7. Delivery of and Payment for the Notes. (a) On the date of a proposed issuance of Notes, Merrill Lynch shall confer with the Company as to the face or principal amount, maturities and denominations thereof, the applicable interest rates or the discounts from the face amounts, at which the Notes are to be issued.

(b) When agreement is reached on the foregoing, (i) if the Notes are evidenced by Certificated Notes, the Company will instruct the Issuing and Paying Agent or another issuing agent designated by the Company in written notice to Merrill Lynch to deliver executed and countersigned Certificated Notes to N.S.C.C. New York Window, 55 Water Street, Concourse Level, South Building, New York, New York 10041, Attention: Al Mitchell, prior to 2:15 p.m., New York City time, on the date of issuance, and (ii) if the Notes are Book-Entry Notes, the issuance of and payment for such Notes will be governed by a letter agreement between the Company and The Depository Trust Company (the "DTC Representation Letter").

(c) Following Merrill Lynch's receipt of duly and properly completed Certificated Notes, Merrill Lynch or its agent will transfer by the close of business on such day immediately available funds to the Issuing and Paying Agent or to such other bank as may be designated in writing by the Company to Merrill Lynch in an amount equal to the net proceeds of the Certificated Notes.

(d) Merrill Lynch will mail written confirmations of each purchase or placement to the Company, which confirmations of each purchase or placement to the Company, which confirmations shall set forth face or principal amounts, maturities and denominations of the Notes purchased or placed and the applicable interest rates or discounts.

(e) In the event that a customer shall either fail to accept delivery of or make payment for a Note on the date fixed for settlement,

Merrill Lynch shall promptly notify the Company, and if Merrill Lynch has theretofore paid the Company for such Note, the Company will promptly return such funds to Merrill Lynch against its return of the Note to the Company, in the case of a Certificated Note, and upon notice from Merrill Lynch of such failure, in the case of a Book-Entry Note. If such failure occurred for any reason other than default by Merrill Lynch, the Company shall reimburse Merrill Lynch on an equitable basis for Merrill Lynch's loss of the use of such funds for the period such funds were credited to the Company's account.

8. Indemnification. (a) The Company agrees to assume liability for and to indemnify, protect, save and hold harmless Merrill Lynch, each individual, corporation, partnership, trust, association or other entity ("Person") controlling Merrill Lynch (including, without limitation, Merrill Lynch & Co., Inc. and Merrill Lynch Government Securities Inc.), any affiliate of any such Person or Merrill Lynch and their respective directors, officers, incorporators, shareholders, partners, servants, trustees, employees and agents (all of such indemnified entities hereinafter the "Indemnitees") from and against any and all losses, liabilities, claims, damages, penalties, causes of action, suits, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) or judgments of whatever kind and nature, imposed upon, incurred by or asserted against the Indemnitees, which are (i) based upon or arising under the securities laws of the United States of America or of any state or any regulation, rule or interpretation thereunder or thereof to the extent arising from the transactions contemplated hereby, (ii) based upon the inaccuracy of any representation made or reaffirmed by the Company or the breach of any agreement or covenant of the Company contained herein, or (iii) based upon any untrue statement or alleged untrue statement of a material fact in the Disclosure Documents, or the omission or alleged omission from the Disclosure Documents of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If any action, suit or proceeding arising from any of the foregoing is brought against any of the Indemnitees, the Company will, at its own expense, resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Company (which counsel shall be reasonably satisfactory to such Indemnities) and regardless of whether the Company is a party to the same, pay all reasonable costs and expenses of such defense as incurred (including, without limitation, reasonable attorneys' fees and expenses).

It is agreed, however, that the obligations of the Company under this Section 8 shall not extend to any liability of any Indemnitee arising out of the inclusion by any Indemnitee of an untrue statement of a material fact relating to Merrill Lynch or an omission to state a material fact relating to Merrill Lynch necessary to make any statement, in light of the circumstances under which it was made, not misleading.

The foregoing indemnity will also extend to any supplemental material subsequently furnished to Merrill Lynch by the Company and distributed to purchasers or prospective purchasers during the term of this Agreement.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 8 is for any reason held unavailable (otherwise than in accordance with the terms of this Section 8), the Company on the one hand, and any Indemnitees, on the other hand, sought to be charged with any liability shall contribute to the aggregate costs of satisfying such liability in the proportion of their respective economic interests. For purposes of this Section 8, the "economic interests" of the Company shall be equal to the aggregate proceeds of the Notes issued in connection with this Agreement received by the Company and the "economic interest" of any Indemnitee shall be equal to the aggregate commissions and fees earned by Merrill Lynch hereunder.

The obligations of the Company under this Section 8 shall survive

any termination of this Agreement, in whole or in part.

9. Fees and Expenses. (a) As compensation for the services of Merrill Lynch hereunder, the Company shall pay it, on a discount basis, a commission for the sale of each Note at such rate as shall be agreed upon from time to time by the Company and Merrill Lynch.

(b) The Company will (i) pay all customary and reasonable costs and expenses incident to the placement and issuance of the Notes, (ii) reimburse Merrill Lynch for all of its out-of-pocket expenses, including the cost of preparing and distributing the Private Placement Memorandum and the Notes, and (iii) upon receipt of an invoice, pay directly or reimburse Merrill Lynch for the reasonable fees and expenses of any outside counsel utilized by Merrill Lynch in connection with this Agreement and the transactions contemplated hereby.

10. Notices. Unless otherwise indicated, all notices required under the terms and provisions hereof shall be in writing, either delivered by hand, by mail (postage prepaid), or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below

If to the Company:

Humana Inc.
500 West Main Street
Louisville, KY 40202
Attention: James W. Doucette, Vice President -
Investments and Treasurer
Telephone No: 502-580-1002
Facsimile No: 502-580-4089

If to Merrill Lynch:

Merrill Lynch Money Markets Inc.
Merrill Lynch World Headquarters
World Financial Center - North Tower
250 Vesey Street - 10th Floor
New York, New York 10281-1310
Attention: Product Management - CP
Telephone No: (212) 449-0276
Facsimile No: (212) 449-2234

or at such other address as such party may designate from time to time by notice duly given in accordance with the terms of this Section 10 to the other party hereto.

11. Governing Law. This Agreement shall be governed by and construed in accordance with, the laws of the State of New York.

12. Choice of Forum. The Company agrees that any suit, action or proceeding brought by oragainst Merrill Lynch in connection with or arising out of this Agreement, any agreement, instrument or document entered into in connection with this Agreement or the offer and sale of the Notes shall be brought solely in the United States Federal courts located in the Borough of Manhattan or the courts of the State of New York located in the Borough of Manhattan.

13. Amendment and Termination; Successors; Counterparts. (a) The terms of this Agreement shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by both parties hereto. Either party to this Agreement may terminate this Agreement upon written notice to each other party hereto, provided that such termination shall not affect the obligations of the parties hereunder with respect to Notes outstanding at the time of such termination and actions or events occurring prior to such termination or with respect to Section 8 or Section 9 hereof.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(c) This Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

14. Captions. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

15. Effective Date. This Agreement shall be effective as of the date and year first above written.

16. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

HUMANA INC.

By:/s/James W. Doucette
Vice President Investments & Treasurer
Authorized Signatory

MERRILL LYNCH
MONEY MARKETS INC.

By:/s/Scott G. Primrose
Authorized Signatory

PLACEMENT AGENCY AGREEMENT

PLACEMENT AGENCY AGREEMENT dated as of March 6, 1996 between Humana Inc., a Delaware corporation (the "Company"), and Chemical Securities Inc., a Delaware corporation ("CSI").

W I T N E S S E T H:

WHEREAS, the Company has requested CSI to act as the agent of the Company for the private placement to accredited investors of the Company's unsecured notes with maturities of up to 270 days from date of issue (the "Notes").

WHEREAS, the Notes will be represented by either individual note certificates ("Certificated Notes") or a master note of the Company. Individual Notes shall be issued substantially in the form of Exhibit A-1 or A-2 hereto, while master notes shall be issued substantially in the form of Exhibit B-1 or Exhibit B-2 hereto. Notes represented by a master note shall be referred to herein as "Book-Entry Notes."

WHEREAS, CSI has indicated its willingness to act as agent of the Company in the private placement of the Notes, subject to the satisfactory completion of such investigation and inquiry into the Company's business as CSI deems appropriate under the circumstances.

NOW THEREFORE, in consideration of the premises, the parties agree as follows:

1. Appointment as Placement Agent. (a) The Company appoints CSI as one of its placement agents for the Notes and acknowledges that CSI shall have the right to assist the Company in the placement of the Notes during the term of this Agreement in conjunction with Company's other placement agents. The Company agrees that during the period CSI is acting as the Company's placement agent hereunder, the Company shall not, except through its co-placement agents, directly contact or solicit potential investors to purchase the Notes or engage any person or party to assist in the placement of Notes. While CSI shall not have any obligation to purchase, as principal, Notes from the Company under any circumstances, CSI may, from time to time, in its sole discretion purchase Notes, as principal, from the Company.

(b) The Company and CSI agree that any Notes the placement of which CSI arranges or which are purchased by CSI shall be placed or purchased by CSI in reliance on the representations, warranties, covenants and agreements of the Company contained herein and on the terms and conditions and in the manner provided herein.

(c) The Notes will be issued pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agreement ") between Chase Manhattan Bank, as issuing and paying agent (the "Issuing and Paying Agent") and the Company. The Company will not amend the Issuing and Paying

Agency Agreement without giving CSI prior notice and a copy of such amendment. The Notes will be issued in such face or principal amounts (but not less than $250,000 each), and will bear such interest rates (if interest-bearing), or will be sold at such discounts, from their face amounts, as shall be mutually agreed to by the Company and CSI at the time of each proposed purchase or placement.

(d) CSI shall have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes, in whole or in part.

(e) The Company may instruct CSI to suspend solicitation of purchases of Notes at any time. Upon receipt of such instruction, CSI will forthwith suspend solicitation until such time as the Company has advised it that solicitation of purchases may be resumed.

2. Offers and Sales of the Notes. The offer and sale of the Notes by the Company is to be effected pursuant to the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act"), provided by Section 4(2) thereof and Regulation D thereunder, which exempt transactions by an issuer not involving any public offering. Offers and sales of the Notes by the Company will be made in accordance with the general provisions of Rule 506 under the Act. CSI and the Company hereby establish the following procedures in connection with the offer and sale or resale of the Notes:

(a) Offers and sales of the Notes will be made by the Company only to purchasers which qualify as accredited investors (as defined in Rule 501 (a) under the Act) (each such institutional purchaser being hereinafter called an "accredited investor"). Resales of the Notes will be made only to accredited investors or to institutional purchasers which are qualified institutional buyers (as defined in Rule 144A under the Act) (each such institutional purchaser being hereinafter called a "qualified institutional buyer"). No Notes will be offered to natural persons.

(b) The Notes will be offered only by approaching prospective purchasers on an individual basis. The Notes will not be offered or sold by any means of general solicitation or general advertising.

(c) In the case of a purchaser which is acting as a fiduciary for one or more third parties and which is not a bank as defined in Section 3(a)(2) of the Act or a savings and loan association or other institution as described in Section 3(a)(5) of the Act (each such purchaser, a "non-bank fiduciary"), each such third party will, in the judgment of CSI, after due inquiry be an accredited investor or qualified institutional buyer.

(d) No sale of the Notes to any one purchaser will be for less than $250,000 face amount and no Note will be issued in a smaller face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it

is acting must purchase at least $250,000 face amount of the Notes.

(e) Each individual Note shall contain the legend set forth on the form of such Note attached as Exhibit A-1 or A-2 hereto, stating in effect that such Note has not been registered under the Act and that a resale or other transfer of such Note or any interest therein shall be made only (I) to CSI or through CSI to an institutional investor approved as an accredited investor or as a qualified institutional buyer by CSI or (ii) to a qualified institutional buyer in a transaction made pursuant to Rule 144A under the Act. The purpose of this requirement is to ensure that Notes are resold or otherwise transferred only to accredited investors or qualified institutional buyers and not in a manner that might call into question the non-public offering character of the offer and sale of the Notes.

(f) A Private Placement Memorandum will be made available to each purchaser or prospective purchaser together with any supplements to such Private Placement Memorandum which may have been prepared by the Company. The Private Placement Memorandum will contain a representation to the effect that the purchaser of a Note has had an opportunity to ask questions of, and receive answers from, the Company concerning the offering of the Notes and to obtain copies of any of the Company Information (as defined below) that is referred to therein at no charge.. The Private Placement Memorandum, including any Company Information referred to therein is hereby referred to as the "Disclosure Documents".

(g) In addition to the other requirements of this Section 2, during any period the Company is not subject to the periodic filing requirements of the Securities Exchange Act of 1934, the Company agrees that, upon written request by any holder of the Notes, the Company will provide to the holder or to a prospective purchaser designated by the holder a copy of the Private Placement Memorandum and(I) the Company's most recent audited balance sheet that is as of a date less than 16 months old and audited statements of profit and loss and retained earnings for the 12 months preceding the date of the balance sheet, (ii) similar audited financial statements for the preceding two fiscal years or for such shorter period as the Company has been in operation and (iii) if the Company's most recent balance sheet is not as of a date less than six months old, additional statements of profit and loss and retained earnings (which may be unaudited) for the period from the date of such balance sheet to a date as of less than six months old. The purpose of this provision is to satisfy the conditions of paragraph (d)(4) of Rule 144A under the Act, so that resales of the Notes may be made to qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A. The Private Placement Memorandum and each Note shall disclose that a holder of the Note may request, in writing, the information specified by paragraph (d)(4) of Rule 144A in connection with an intended sale or transfer of the Note pursuant to Rule 144A.

(h) The Company agrees to cooperate with CSI in the preparation of the Private Placement Memorandum and in amending it as from time to time may be necessary. Accordingly, the Company agrees to furnish CSI with such information as requested to satisfy the conditions of paragraph (d)(4) of Rule 144A under the Act. The Company will furnish copies of its most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), each definitive proxy statement, each report on Form 10-Q and each report on Form 8-8-K As long as any of the Notes are outstanding, the Company will provide CSI with copies of all annual, interim, quarterly reports, proxy statements and registration statements which the Company files with the SEC, copies of all reports to the rating agencies, of all public releases or other publicly available information (collectively, "the Company Information") in such quantities as CSI may reasonably request.

(I) Prior to any offer or sale of Notes, CSI shall, with the cooperation of the Company, have the right to make such reasonable due diligence investigation of the business of the Company as is usual in the course of continuous offerings of debt instruments. The Company will immediately inform CSI in writing of any material adverse change the condition, financial or otherwise, earnings, business affairs, results of operations or business prospects of the Company which (I) make or might make any statement in the Disclosure Documents false or misleading in any material respect or (ii) are not disclosed in such documents. In such event, CSI shall not thereafter attempt to offer or place any of the Notes until the Company shall have prepared and furnished to CSI, in such numbers as CSI may require, supplements to, or amendments of, the Private Placement Memorandum reflecting any such material changes. Such supplements or amendments shall be prepared promptly by the Company.

(j) The Company agrees to file a notice on Form D with the Securities and Exchange Commission (the "SEC") no later than fifteen days after the first issuance of Notes and at such other times as may be required pursuant to Rule 503 under the Act.

(k) CSI shall not be liable or responsible to the Company for any losses, damages or liabilities suffered or incurred by the Company, including any losses, damages or liabilities under the Act, arising from or relating to any resale or transfer of a Note other than for losses, damages or liabilities arising from CSI's gross negligence or willful misconduct.

3. Representations and Warranties. The Company represents and warrants to CSI as of the date hereof and as of each date contemplated by Section 4 hereof that:

(a) The Disclosure Documents do not and will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in

light of the circumstances under which they are made, not misleading.

(b) The financial statements included in the Disclosure Documents, if any, are and will be in accordance with the related books and records of the Company and are and will be complete and correct and fairly present in accordance with generally accepted accounting principles the financial position of the Company and its consolidated subsidiaries as at the dates set forth therein and the results of their operations for the periods set forth therein. Except as set forth in the Disclosure Documents, said financial statements have been prepared in conformity with generally accepted accounting principles applied on a basis which is consistent in all material respects during the periods involved. The supporting schedules, if any, included in the financial statements present fairly the information required to be stated therein as of the dates or for the periods indicated.

(c) Since the respective dates as of which information is given in the Disclosure Documents, except as may otherwise be stated or contemplated therein or in any amendment or supplement thereto, there has not been any material adverse change in the condition, financial or otherwise, of the Company and its subsidiaries taken as a whole, or in the earnings, affairs or business prospects of the Company, and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business.

(d) The Company (I) has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of corporation, and (ii) has the requisite corporate power and authority to execute and deliver the Notes and to perform its obligations thereunder and to own its properties and conduct its business as described in the Disclosure Documents.

(e) The Company is not in violation of its charter or by-laws or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any material contract, indenture, mortgage, loan agreement or lease to which the Company is a party or by which it may be bound. The execution and delivery of this Agreement, the Issuing and Paying Agency Agreement and the Notes and the incurrence of the obligations and consummation of the transactions herein contemplated will not conflict with, or constitute a breach of or default under, its charter or by-laws of the Company or any material contract, indenture, mortgage, loan agreement or lease, to which each is a party or by which the Company may be bound, or any law, administrative regulation or court decree.

(f) Each of this Agreement and the Issuing and Paying Agency Agreement has been duly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws

relating to or affecting generally the enforcement of creditors' rights or by general equitable principles.

(g) The Notes have been duly authorized for issuance, offer and sale as contemplated by the Agreement and, when issued and delivered against payment of the purchase price therefor, will constitute legal, valid and binding obligations of the Company enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws relating to or affecting generally the enforcement of creditors' rights or by general equitable principles.

(h) Assuming compliance with Section 5(b) hereof, no consent, approval, authorization, order, registration or qualification of or with any court or any regulatory authority or other governmental agency or body (including the SEC) is required for the issuance, offer or sale of the Notes by the Company in accordance with the terms of this Agreement or for the consummation of the transactions contemplated by this Agreement, the Issuing and Paying Agency Agreement or the Notes.

(I) There are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject, other than as set forth in the Disclosure Documents and other than legal or governmental proceedings, which in each case will not have a material adverse effect on the business, financial condition, shareholders' equity or results of operations of the Company and its subsidiaries taken as a whole; and to the best of its knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(j) The Company is not an "investment company", or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(k) The offer, issuance, sale and delivery of the Notes in accordance with the terms of this Agreement will constitute exempt transactions under the Act pursuant to Section 4(2) thereof, and registration of the Notes under the Act will not be required; the Notes are eligible pursuant to Rule 144A under the Act.

(l) The Notes rank at least pari passu with all other unsecured and unsubordinated indebtedness of the Company.

(m) The Company agrees to maintain credit lines with Chemical Bank, as agent bank (as agent bank, the "Bank") which can be used to support payment on the Notes hereunder and agrees to report, and will cause the Bank to report, to CSI on the status and usage of such credit lines, on a [quarterly] [monthly] basis.

4. Additional Representation and Warranty.

Each acceptance by the Company of an offer for the purchase of Notes shall be deemed an affirmation by the Company that its representations and warranties set forth in Section 3 hereof are true and correct at the time of such acceptance, and an undertaking that such representations and warranties will be true and correct at the time of delivery to the purchaser or its agent of the Note or Notes relating to such acceptance, as though made at and as of such time (it being understood that insofar as such representations and warranties relate to the Private Placement Memorandum, such representations and warranties shall relate to the Private Placement Memorandum delivered to prospective purchasers of Notes at the time of such acceptance and at the time of such delivery of the Note or Notes relating to such acceptance, respectively.)

5. Covenants (a) The Company agrees that no future offer and sale of debt securities of the Company of any class will be made if, as a result of the doctrine of "integration" referred to in Rule 502 of Regulation D under the Act, Securities Act Release No. 6389 (March 8, 1982), Securities Act Releases Nos. 4434 (December 6, 1961), 4552 (November 6, 1962) and 4708 (July 9, 1964), and various "no-action" letters made available by the SEC, such offer and sale would call into question the entitlement of the Notes to the exemption from the registration requirements of the Act provided by Section 4(2) thereof.

(b) The Company will endeavor, in cooperation with CSI, to qualify the Notes for offer and sale under the applicable securities laws of such states and other jurisdictions of the United States as the Company and CSI shall determine, and will maintain such qualifications in effect for as long as may be required for the distribution of the Notes. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the Notes have been qualified as above provided.

(c) No part of the proceeds of any Notes will be used in any transaction or for any purpose which violates the provisions of Regulations, G, T, U and X of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. Other than pursuant to the requirements of the following sentence, the Company shall not use the proceeds of the Notes to finance any acquisition of securities, within the meaning of Regulation T. The Company agrees that if it intends to use the proceeds of the sale of its Notes for the purpose of purchasing or carrying securities within the meaning of Regulation T and the interpretations thereunder by the Board of Governors of the Federal Reserve System, it will give five business days' notice to CSI of its intention to do so and prompt notice of the actual commencement of such use of proceeds.

6. Conditions Precedent to Placement of the Notes. (a) Prior to the initial placement of Notes hereunder the Company shall cause to be delivered to CSI (I) the written opinion of counsel to the Company

substantially in the form of Exhibit C hereto, (ii) a certificate of the Secretary or other appropriate officer of the Company certifying true copies of the resolutions of the Company approving this Agreement, the Issuing and Paying Agency Agreement, the Notes and the transactions contemplated hereby and certifying the incumbency, authority and true signatures of the officers of the Company authorized to sign this Agreement and the Notes, and (iii) an original executed copy, photocopy or conformed copy of the Issuing and Paying Agency Agreement, which shall be in form and substance reasonably acceptable to CSI, and (iv) if applicable, the DTC Representation Letter (as that term is defined below) which shall be in form and substance reasonably acceptable to CSI. CSI may deliver a copy of the opinion referred to in clause (I) above to any purchaser of a Note who requests such a copy.

7. Delivery of and Payment for the Notes. (a) On the date of a proposed issuance of Notes, CSI shall confer with the Company as to the face or principal amount, maturities and denominations thereof, the applicable interest rates or the discounts from the face amounts, at which the Notes are to be issued.

(b) When agreement is reached on the foregoing, (I) if the Notes are evidenced by Certificated Notes, the Company will instruct the Issuing and Paying Agent or another issuing agent designated by the Company in written notice to CSI to deliver executed and countersigned Certificated Notes to such location as CSI may from time to time specify in writing, prior to 2:15 p.m., New York City time, on the date of issuance, and (ii) if the Notes are Book-Entry Notes, the issuance of and payment for such Notes will be governed by a letter agreement between the Company and The Depository Trust Company (the "DTC Representation Letter").

(c) Following CSI's receipt of duly and properly completed Certificated Notes, CSI or its agent will transfer by the close of business on such day immediately available funds to the Issuing and Paying Agent or to such other bank as may be designated in writing by the Company to CSI in an amount equal to the net proceeds of the Certificated Notes.

(d) CSI will mail written confirmations of each purchase or placement to the Company, which confirmations of each purchase or placement to the Company, which confirmations shall set forth face or principal amounts, maturities and denominations of the Notes purchased or placed and the applicable interest rates or discounts.

(e) In the event that a customer shall either fail to accept delivery of or make payment for a Note on the date fixed for settlement, CSI shall promptly notify the Company, and if CSI has theretofore paid the Company for such Note, the Company will promptly return such funds to CSI against its return of the Note to the Company, in the case of a Certificated Note, and upon notice from CSI of such failure, in the case of a Book-Entry Note. If such failure occurred for any reason other than

default by CSI, the Company shall reimburse CSI on an equitable basis for CSI's loss of the use of such funds for the period such funds were credited to the Company's account.

8. Indemnification. (a) The Company agrees to assume liability for and to indemnify, protect, save and hold harmless CSI, each individual, corporation, partnership, trust, association or other entity ("Person") controlling CSI (including, without limitation, Chemical Banking Corporation.), any affiliate of any such Person or CSI and their respective directors, officers, incorporators, shareholders, partners, servants, trustees, employees and agents (all of such indemnified entities hereinafter the "Indemnitees") from and against any and all losses, liabilities, claims, damages, penalties, causes of action, suits, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) or judgments of whatever kind and nature, imposed upon, incurred by or asserted against the Indemnitees, which are (I) based upon or arising under the securities laws of the United States of America or of any state or any regulation, rule or interpretation thereunder or thereof to the extent arising from the transactions contemplated hereby, (ii) based upon the inaccuracy of any representation made or reaffirmed by the Company or the breach of any agreement or covenant of the Company contained herein, or (iii) based upon any untrue statement or alleged untrue statement of a material fact in the Disclosure Documents, or the omission or alleged omission from the Disclosure Documents of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If any action, suit or proceeding arising from any of the foregoing is brought against any of the Indemnitees, the Company will, at its own expense, resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Company (which counsel shall be reasonably satisfactory to such Indemnities) and regardless of whether the Company is a party to the same, pay all reasonable costs and expenses of such defense as incurred (including, without limitation, reasonable attorneys' fees and expenses).

It is agreed, however, that the obligations of the Company under this Section 8 shall not extend to any liability of any Indemnitee arising out of the inclusion by any Indemnitee of an untrue statement of a material fact relating to CSI or an omission to state a material fact relating to CSI necessary to make any statement, in light of the circumstances under which it was made, not misleading.

The foregoing indemnity will also extend to any supplemental material subsequently furnished to CSI by the Company and distributed to purchasers or prospective purchasers during the term of this Agreement.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 8 is for any reason held unavailable (otherwise than in accordance with the terms of this Section 8), the

Company on the one hand, and any Indemnitees, on the other hand, sought to be charged with any liability shall contribute to the aggregate costs of satisfying such liability in the proportion of their respective economic interests. For purposes of this Section 8, the "economic interests" of the Company shall be equal to the aggregate proceeds of the Notes issued in connection with this Agreement received by the Company and the "economic interest" of any Indemnitee shall be equal to the aggregate commissions and fees earned by CSI hereunder.

The obligations of the Company under this Section 8 shall survive any termination of this Agreement, in whole or in part.

9. Fees and Expenses. (a) As compensation for the services of CSI hereunder, the Company shall pay it, on a discount basis, a commission for the sale of each Note at such rate as shall be agreed upon from time to time by the Company and CSI.

(b) The Company will (I) pay all customary and reasonable costs and expenses incident to the placement and issuance of the Notes, (ii) reimburse CSI for all of its out-of-pocket expenses, including the cost of preparing and distributing the Private Placement Memorandum and the Notes, and (iii) upon receipt of an invoice, pay directly or reimburse CSI for the reasonable fees and expenses of any outside counsel utilized by CSI in connection with this Agreement and the transactions contemplated hereby.

10. Notices. Unless otherwise indicated, all notices required under the terms and provisions hereof shall be in writing, either delivered by hand, by mail (postage prepaid), or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below

If to the Company:

Humana Inc.
500 West Main Street
Louisville, KY 40202
Attention: James W. Doucette, Vice President -
Investments and Treasurer
Telephone No: 502-580-1002
Facsimile No: 502-580-4089

If to CSI:

Chemical Securities Inc.
270 Park Avenue, 7th Fl
New York, New York 10017
Attention: Commercial Paper Department
Telephone No: (212) 834-5072
Facsimile No: (212) 834-6560

or at such other address as such party may designate from time to time by notice duly given in accordance with the terms of this Section 10 to the other party hereto.

11. Governing Law. This Agreement shall be governed by and construed in accordance with, the

laws of the State of New York.

12. Choice of Forum. The Company agrees that any suit, action or proceeding brought by or against CSI in connection with or arising out of this Agreement, any agreement, instrument or document entered into in connection with this Agreement or the offer and sale of the Notes shall be brought solely in the United States Federal courts located in the Borough of Manhattan or the courts of the State of New York located in the Borough of Manhattan.

13. Amendment and Termination; Successors; Counterparts. (a) The terms of this Agreement shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by both parties hereto. Either party to this Agreement may terminate this Agreement upon written notice to each other party hereto, provided that such termination shall not affect the obligations of the parties hereunder with respect to Notes outstanding at the time of such termination and actions or events occurring prior to such termination or with respect to Section 8 or Section 9 hereof.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(c) This Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

14. Captions. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

15. Effective Date. This Agreement shall be effective as of the date and year first above written.

16. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

HUMANA INC.

By:/s/James W. Doucette
Vice President Investments & Treasurer
Authorized Signatory

CHEMICAL SECURITIES INC.

By:
/s/ Craig Shallcross

Authorized Signatory

Exhibit 12

Ratio of Earnings to Fixed Charges

Humana Inc.
For the quarters ended March 31, 1996 and 1995
Unaudited
(Dollars in millions)

	1996	1995
Earnings:		
Income before income taxes	$ 81	$ 80
Fixed charges	6	3
	$ 87	$ 83
Fixed charges:		
Interest charged to expense	$ 5	$ 2
One-third of rent expense	1	1
	$ 6	$ 3
Ratio of earnings to fixed charges	13.8	25.5

For the purpose of determining earnings in the calculation of the ratio of earnings to fixed charges, 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 rent expense.

<ARTICLE> 5
<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM HUMANA INC.'S FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 1996 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENT

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<EPS-DILUTED>	.32