

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)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the Fiscal Year ended December 31, 1997

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

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Retirement and Savings Plan Committee  
Humana Inc.

We have audited the accompanying statements of net assets available for benefits of the Humana Retirement and Savings Plan (the "Plan") as of December 31, 1997 and 1996, and the related statements of changes in net assets available for benefits for the years ended December 31, 1997 and 1996. 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 in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1997 and 1996, and the changes in net assets available for benefits for the years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed on page 2 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. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules 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.

COOPERS & LYBRAND L.L.P.

Louisville, Kentucky  
June 5, 1998

HUMANA RETIREMENT AND SAVINGS PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
December 31, 1997 and 1996

ASSETS	1997	1996
Investments:		
At fair value:		

Common stocks	\$ 345,775,677	\$ 257,027,353
NC Capital Preservation Fund		
Armada Money Market Fund		2,654,772
Armada Government Fund	334,745	1,323,112
Investment contracts	11,452,180	9,803,627
Participant notes receivable	8,627,127	7,530,998
Bonds and asset-backed securities		25,705
	366,189,729	278,365,567
At contract value:		
Investment contracts	73,963,585	72,900,699
Total investments	440,153,314	351,266,266
Cash	208,170	888
Due from brokers for securities sold	728,828	19,489,023
Receivable from participating employers for participant withholdings and employers' contributions	16,478,914	16,230,206
Accrued interest and dividends	1,235,105	590,110
Total assets	458,804,331	387,576,493
LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS		
Due to brokers for securities purchased		1,074,627
Accrued expenses	609,498	412,293
Forfeited employers' contributions available to reduce future employers' contributions	107,691	57,345
Total liabilities	717,189	1,544,265
Net assets available for benefits	\$ 458,087,142	\$ 386,032,228

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

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#### HUMANA RETIREMENT AND SAVINGS PLAN

##### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the years ended December 31, 1997 and 1996

Additions to net assets:	1997	1996
Investment income:		
Net appreciation(depreciation) in fair value of investments	\$ 52,332,678	\$ (19,030,790)
Interest	6,833,711	6,055,957
Dividends	2,283,229	1,675,018
	61,449,618	(11,299,815)
Contributions:		
Participants	25,394,574	23,043,766
Employers	26,025,246	25,377,619
Forfeited employers' contributions	(793,811)	(228,177)
Transfer from EMPHESYS Financial		

Group Inc.'s Plans (Note 3)		92,358,212
Transfer from Med-Pay, Inc.		
Employee 401(K) Plan (Note 3)	234,410	
Total additions	112,310,037	129,251,605
Deductions from net assets:		
Benefits paid to participants	39,608,578	24,218,255
Administrative expenses	646,545	418,907
Total deductions	40,255,123	24,637,162
Net increase	72,054,914	104,614,443
Net assets available for benefits:		
Beginning of period	386,032,228	281,417,785
End of period	\$ 458,087,142	\$ 386,032,228

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

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#### 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 ("Humana") and is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). 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. All Thrift Account balances as of December 31, 1993 remained in the Plan.

The Plan's Sponsor, Humana Inc., offers managed health care products that integrate medical management with the delivery of health care services through a network of providers.

Any employee of Humana 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. An amount equal to 50% of the participant's contributions is contributed by Humana 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 Humana, 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.

After an employee completes two years of service with a sponsoring employer and has complied with certain other service requirements, Humana 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.

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 of 1986 ("IRC") 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. 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.

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: In obligations of the United States and United States Government agencies, debentures, notes or other evidences of indebtedness, shares of preferred stock and any other property, the rate of return from which is established by the instruments evidencing the investments, including principal and interest contracts.

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NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Plan, continued:

Stock Index Fund: In units of the State Street Flagship Domestic Index Commingled Trust Fund which invests exclusively in securities which attempt to match the return of the Standard and Poor's 500 Index.

Humana Common Stock Fund: In Humana 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 Humana common stock, or a combination thereof. At December 31, 1997 and 1996, this fund included \$57,226,125 and \$51,466,809, respectively, of non-participant directed funds related to the 401(k) employer match.

Aggressive Growth Fund: In shares of Fidelity Contrafund which invests in common stocks and securities convertible into common stock which have market values appearing low relative to underlying value or future earnings and growth potential. The Fidelity Contrafund may also invest in, among other investments, convertible securities, warrants, preferred stock, bonds, foreign securities, covered call options, put options, repurchase agreements, and cash equivalent securities.

Balanced Fund: In shares of Invesco Value Trust which invests in common and preferred stocks, straight debt issues (including government securities) or debt securities with equity conversion or purchase rights and in cash and cash equivalents, the objective of which is to emphasize current income while secondarily striving to attain capital growth.

International Fund: 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 non-convertible 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 Treasury bills, commercial paper and certificates of deposit.

Small Capitalization Fund: In shares of Compass Small Cap Fund which invests in equity securities consisting primarily of emerging growth companies and companies selected for investment because of their unique situation. The Compass Small Cap Fund may also invest in cash equivalent securities, such as U.S. Treasury bills, commercial paper and certificates of deposit.

Long Term Bond Fund: In shares of Pimco Fund which invests primarily in fixed income securities. These may include bonds issued by corporations and the

U.S. Government; mortgage-backed securities, certificates of deposit; foreign securities; and other types of fund income investments.

Large Capitalization Fund: In shares of IDS New Dimensions Fund which invests primarily in common stock of large U.S. companies whose stock prices tend to vary less than those of small companies. The IDS New Dimensions Fund may also invest in cash equivalent securities, such as Treasury bills, commercial paper and certificates of deposit.

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NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Plan, continued:

A participant may allocate his/her contributions to the Pretax Savings Account and Humana'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 Humana'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.

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 on or after the date he/she attains age 65; (2) the participant's early retirement after attaining age 55 and having been credited with two years of service; (3) a determination by Humana 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 (4) the participant's death.

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 Humana 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 Humana.

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.

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. Effective January 1, 1994, in the event funds are needed because of extreme financial hardship, as defined by law, the participant may be allowed to make a withdrawal from his/her Pretax Savings Account. In addition, the Plan contains restrictions relating to minimum withdrawals and the frequency of withdrawals.

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 form of payment, or
- (d) A life annuity with guaranteed payments.

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Plan, continued:

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

There were approximately 18,500 and 17,800 participants at December 31, 1997 and 1996, respectively, who had allocated their contributions to one or more funds as follows:

	1997	1996
Interest Income Fund	14,204	14,554
Humana Common Stock Fund	13,917	13,616
Aggressive Growth Fund	8,776	7,914
Stock Index Fund	8,494	7,896
Small Capitalization Fund	6,478	5,898
Balanced Fund	5,585	5,415
International Fund	5,342	4,537
Large Capitalization Fund	1,727	-
Long Term Bond Fund	678	-

Effective January 1, 1994, 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 investment fund 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 Department of Labor rules and regulations, as determined by the Plan Administrator. Principal and interest are repaid ratably through payroll deductions.

Humana has the right, under the Plan, to discontinue its contribution 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 Humana.

2. Summary of Significant Accounting Policies:

The financial statements of the Plan are prepared under the accrual method of accounting.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Continued

## NOTES TO FINANCIAL STATEMENTS, Continued

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

Certain reclassifications have been made to the 1996 financial statements in order to conform to the 1997 classifications. The changes had no effect on previously reported net assets available for benefits.

Benefits are recorded when paid.

The Plan presents in the accompanying Statement of Changes in Net Asset 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.

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.

Investments in securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the period; 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 Funds and the Armada Money Market 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.

## 3. Merger:

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

On April 1, 1996, June 30, 1996 and September 17, 1996, the assets of Employers Health Insurance Profit Sharing Plan, Centerstone Insurance and Financial Services Savings and Investment Plan, and The HMO California Retirement Savings Plan, respectively, all wholly owned subsidiaries of EMPHESYS Financial Group Inc., a wholly owned subsidiary of Humana, were merged with the Plan.

Continued

3. Merger, continued:

The market values of the assets at the time of transfer were as follows:

Employers Health Insurance Profit Sharing Plan	\$ 91,176,109
Centerstone Insurance and Financial Services Saving and Investment Plan	1,102,134
The HMO California Retirement Savings Plan	79,969
	\$ 92,358,212

4. Investments:

The following table sets forth the fair value/contract value of investments at December 31, 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, 1997 have been separately identified:

Issuer	Par or Maturity Value/Number of Units or Shares	Fair Value/ Contract Value
Investments at Fair Value:		
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
		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

Continued

4. Investments, continued:

	Par or Maturity Value/Number of	Fair Value/
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Issuer	Units or Shares	Contract Value
Investments at Contract Value:		
Investment Contracts Insurance Company:		
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
		\$ 440,153,314

During the years ended December 31, 1997 and 1996, the Plan's investments (including investments bought, sold, and held during the period) appreciated (depreciated) in value as follows:

	1997	1996
Common stocks	\$ 52,332,615	\$ (19,031,380)
Bonds and asset-backed securities	63	590
	\$ 52,332,678	\$ (19,030,790)

The fair value of the investments carried at contract values at December 31, 1997 and 1996 was \$71,164,105 and \$68,814,499, respectively. The average yield and crediting interest rate approximated 6.7% and 6.4% for 1997 and 1996, respectively.

The per share closing price of Humana common stock was \$20.75 on December 31, 1997. On June 5, 1998, the per share closing price of Humana common stock was \$30.25.

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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, 1997	December 31, 1996
Net assets available for benefits per the financial statements	\$ 458,087,142	\$ 386,032,228
Amount allocated to withdrawing participants	(6,967,433)	(1,484,772)
Net assets available for benefits per the Form 5500	\$ 451,119,709	\$ 384,547,456

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

	For the year ended December 31, 1997	For the year ended December 31, 1996
Benefits paid to participants per the financial statements	\$ 39,608,578	\$ 24,218,255
Add: Amounts allocated to withdrawing participants at end of year	6,967,433	1,484,772
Less: Amounts allocated to withdrawing participants at beginning of year	(1,484,772)	(756,251)
Benefits paid to participants per the Form 5500	\$ 45,091,239	\$ 24,946,776

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 has determined, and informed Humana 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.

#### 7. Subsequent Events:

On May 28, 1998, United HealthCare Corporation and Humana reached a definitive agreement to merge. The proposed merger will be accounted for as a pooling of interest in which one United HealthCare share will be exchanged for every two Humana shares. The transaction will require shareholder and regulatory approvals and is expected to close in the third quarter of 1998.

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#### NOTES TO FINANCIAL STATEMENTS, Continued

#### 7. Net Assets by Fund at December 31, 1997:

ASSETS	Interest	Stock Index	Participant Directed	Aggressive	Balanced	International	Small
	Income	Fund	Humana				
	Fund	Fund	Stock Fund	Growth Fund	Fund	Fund	Fund
Investments:							
At fair value:							

Common Stock		\$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 Loans							
	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 withholding 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
Total assets	96,495,833	72,693,324	54,253,903	71,877,014	25,993,878	25,665,157	42,651,152
LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS							
Accrued expenses	66,673	88,771	173,495	108,279	75,989	35,819	56,944
Forfeited employers' contributions and employers' contributions							
Total Liabilities	66,673	88,771	173,495	108,279	75,989	35,819	56,944
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

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

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

ASSETS	Participant Directed			Non-Participant Directed	
	Long Term Fund	Large Capitalization Fund	Participant Notes Fund	Humana Common Stock Fund	Total
Investments:					
At fair value:					
Common Stock	\$ 1,092,973	\$ 1,780,212		\$57,333,816	\$345,775,677
Armada Government Fund	295				334,745
Investment Contracts					11,452,180
Participant Loans			\$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
Total Investments	1,093,268	1,780,212	8,627,127	57,333,816	440,153,314
Cash	6,185	32,803	1,867		208,170
Due from Broker for Securities Sold					728,828
Receivable from participating employers for participant withholding and employers' contributions	104,137	191,329	3,142		16,478,914
Accrued interest and dividends	60	124			1,235,105
Total assets	1,203,650	2,004,468	8,632,136	57,333,816	458,804,331
LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS					
Accrued expenses	750	2,778			609,498
Forfeited employers' contributions and employers' contributions				107,691	107,691
Total Liabilities	750	2,778		107,691	717,189

Net asset available  
for benefits \$1,202,900 \$2,001,690 \$8,632,136 \$57,226,125 \$458,087,142

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

8. Net Assets by Fund at December 31, 1996:

	Participant Directed							
	Interest Income Fund	Stock Index Fund	Humana Common Stock Fund	Aggressive Growth Fund	Balanced Fund	International Fund	Small Capi- talization Fund	Participant Notes Fund
ASSETS								
Investments:								
At fair value:								
Common Stock		\$51,483,806	\$49,581,705	\$55,519,719		\$19,857,202	\$29,060,767	
NC Capital Preservation Fund								
Armada Money Market Fund	\$ 2,654,772							
Armada Government Fund		112,997	671,514	225,547	\$ 108,049	87,450	117,555	
Investment Contracts	9,803,627							
Participant Loans								\$7,530,998
Bonds and asset- backed securities	25,705							
	12,484,104	51,596,803	50,253,219	55,745,266	108,049	19,944,652	29,178,322	7,530,998
At contract value:								
Investment Contracts	72,900,699							
Total Investments	85,384,803	51,596,803	50,253,219	55,745,266	108,049	19,944,652	29,178,322	7,530,998
Cash			578					310
Due from Broker for Securities Sold					19,489,023			
Receivable from participating employers for participant withholdings and employers' contributions	10,239,896	1,849,217	1,466,240	1,202,046	359,035	458,186	643,786	11,800
Accrued interest and dividends	587,243	228	1,695	365	250	166	163	
Total Assets	96,211,942	53,446,248	51,721,732	56,947,677	19,956,357	20,403,004	29,822,271	7,543,108
LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS								
Due to Broker for Securities								
Purchased		112,997	531,078	225,547		87,450	117,555	
Accrued expenses	87,937	68,716	82,633	74,122	27,727	27,615	43,543	
Forfeited employer's contributions and employers' contributions								
Total Liabilities	87,937	181,713	613,711	299,669	27,727	115,065	161,098	
Net assets available for benefits	\$96,124,005	\$53,264,535	\$51,108,021	\$56,648,008	\$19,928,630	\$20,287,939	\$29,661,173	\$7,543,108

8. Net Assets by Fund at December 31, 1996 (Cont.):

	Non-Participant Directed	
	Humana Common Stock Fund	Total
ASSETS		
Investments:		
At fair value:		
Common Stock	\$51,524,154	\$257,027,353
NC Capital		

Preservation Fund		
Armada Money		
Market Fund		2,654,772
Armada Government		
Fund		1,323,112
Investment Contracts		9,803,627
Participant Loans		7,530,998
Bonds and asset-		
backed securities		25,705
	51,524,154	278,365,567
At contract value:		
Investment Contracts		72,900,699
Total Investments	51,524,154	351,266,266
Cash		888
Due from Broker		
for Securities Sold		19,489,023
Receivable from		
participating employers		
for participant		
withholdings and		
employers' contributions		16,230,206
Accrued interest and		
dividends		590,110
Total Assets	51,524,154	387,576,493
LIABILITIES AND NET ASSETS		
AVAILABLE FOR BENEFITS		
Due to Broker for		
Securities Purchased		1,074,627
Accrued expenses		412,293
Forfeited employer's		
contributions and		
employers'		
contributions	57,345	57,345
Total Liabilities	57,345	1,544,265
Net assets available		
for benefits	\$51,466,809	\$386,032,228

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

9. 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 to net assets:							
Investment income:							
Net appreciation							
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 from							
net assets:							
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
Interfund							

transfers	5,245,137	(1,469,127)	1,225,166	327,108	(173,557)	(953,456)	(1,052,882)
Total deductions	17,818,095	3,641,958	2,452,082	5,689,256	2,204,953	757,342	2,116,535
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 period	96,124,005	53,264,535	51,108,021	56,648,008	19,928,630	20,287,939	29,661,173
End of period	\$96,429,160	\$72,604,553	\$54,080,408	\$71,768,735	\$25,917,889	\$25,629,338	\$42,594,208

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

	Participant Directed			Non-Participant Directed		Total
	Long Term Bond Fund	Large Capitalization Total	Participant Notes Fund	Humana Common Stock Fund		
Additions to net assets:						
Investment income:						
Net appreciation 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	
Contributions:	76,699	188,013	645,330	4,439,045	61,449,618	
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 from net assets:						
to participants	6,651	38,578	728,620	7,944,866	39,608,578	
Administrative expenses	901	1,377		2,298	646,545	
Interfund transfers	(880,256)	(1,095,867)	(1,172,318)	52		
Total deductions	(872,704)	(1,055,912)	(443,698)	7,947,216	40,255,123	
Net increase	1,202,900	2,001,690	1,089,028	5,759,316	72,054,914	
Net assets available for benefits:						
Beginning of period			7,543,108	51,466,809	386,032,228	
End of period	\$1,202,900	\$2,001,690	\$8,632,136	\$57,226,125	\$458,087,142	

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

10. Activity by Fund for the Year Ended December 31, 1996:

## Participant Directed

	Interest Income Fund	Stock Index Fund	Humana Common Stock Fund	Aggressive Growth Fund	Balanced Fund	International Fund	Small Capitalization Fund	Participant Notes Fund
Additions to net assets:								
Investments income:								
Net appreciation (depreciation) in fair value of investments \$								
Interest	590	\$ 8,723,491	\$(20,975,861)	\$ 7,557,450	\$ 961,084	\$ 2,578,207	\$ 3,691,856	
Dividends	5,464,301	7,297	28,735	49,917	17,511	1,730	5,619	\$ 480,847
	5,464,891	8,730,788	(20,947,126)	8,085,929	1,760,885	2,827,126	3,864,452	480,847
Contributions:								
Participants	2,732,690	2,612,590	4,751,152	5,463,606	2,641,309	1,917,783	2,924,636	
Employers	10,239,100	1,849,781	1,477,166	1,201,908	356,479	460,326	643,909	
Forfeited employers' contributions								
Transfer from EMPHESYS Financial Group Inc.'s Plans (see note 3)								
	16,626,084	12,370,967	6,394,357	25,710,528	6,991,771	8,017,039	14,119,530	2,127,936
Total additions	35,062,765	25,564,126	(8,324,451)	40,461,971	11,750,444	13,222,274	21,552,527	2,608,783
Deductions from net assets:								
Benefits paid to participants								
Administrative expenses	8,801,953	1,944,439	1,738,409	2,952,501	1,122,442	761,639	1,541,135	296,839
Interfund Transfers	142,120	62,280	119,412	41,283	15,545	14,613	21,310	
	8,546,414	(887,120)	(121,428)	(2,734,593)	285,597	(1,215,682)	(2,331,159)	(1,532,919)
Total deductions	17,490,487	1,119,599	1,736,393	259,191	1,423,584	(439,430)	(768,714)	(1,236,080)
Net increase (decrease)	17,572,278	24,444,527	(10,060,844)	40,202,780	10,326,860	13,661,704	22,321,241	3,844,863
Net assets available for benefits:								
Beginning of period	78,551,727	28,820,008	61,168,865	16,445,228	9,601,770	6,626,235	7,339,932	3,698,245
End of period	\$96,124,005	\$53,264,535	\$51,108,021	\$56,648,008	\$19,928,630	\$20,287,939	\$29,661,173	\$7,543,108

Continued

## 10. Activity by Fund for the Year Ended December 31, 1996(Cont.):

	Non-Participant Directed Humana Common Stock Fund	Total
Additions to net assets:		
Investments income:		
Net appreciation (depreciation) in fair value of investments		
Interest	\$ (21,567,607)	\$ (19,030,790)
Dividends		6,055,957
		1,675,018
	(21,567,607)	(11,299,815)
Contributions:		
Participants		23,043,766
Employers	9,148,950	25,377,619
Forfeited employers' contributions	(228,177)	(228,177)
Transfer from EMPHESYS Financial Group Inc.'s Plans (see note 3)		
		92,358,212

Total additions	(12,646,834)	129,251,605
Deductions from net assets:		
Benefits paid to participants	5,058,898	24,218,255
Administrative expenses	2,344	418,907
Interfund Transfers	(9,110)	
Total deductions	5,052,132	24,637,162
Net increase (decrease)	(17,698,966)	104,614,443
Net assets available for benefits:		
Beginning of period	69,165,775	281,417,785
End of period	\$51,466,809	\$386,032,228

HUMANA RETIREMENT AND SAVINGS PLAN  
PLAN #002 EIN #61-0647538  
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES  
December 31, 1997  
(Item 27a of Form 5500)

Issuer	Stated Issuer Rate	Maturity Date	Par or Maturity Value/Number of Units or Shares	Cost	Fair Value/Contract Value
Investments at Fair Value:					
Common Stocks:					
Humana Inc. Common Stock			5,276,576	\$ 77,120,397	\$109,488,952
State Street Flagship Domestic Index Fund			444,439	37,132,955	70,779,636
Primco Funds			103,111	1,083,475	1,092,973
Invesco Value Trustee Fund			878,433	21,676,319	25,553,625
IDS New Dimensions Fund Inc.			74,611	1,725,906	1,780,212
Harbor International Fund			697,976	20,424,125	25,029,428
Compass Small Cap Fund			2,292,975	35,418,467	41,755,069
Fidelity Contrafund			1,507,523	57,938,960	70,295,782
				252,520,604	345,775,677
Obligations due within one year:					
Armada Money Market Fund			334,745	334,745	334,745
Investment Contracts - Banks:					
Bankers Trust Co.	8.83%	06/1999	\$ 1,810,870	1,810,870	1,810,870
Bankers Trust Co.	6.88%	03/2007	\$ 3,000,000	3,000,000	3,000,000
Caisse Des Depots (CDC)	6.56%	01/1999	\$ 1,814,949	1,814,949	1,814,949
Caisse Des Depots (CDC)	6.42%	12/2000	\$ 1,204,422	1,204,422	1,204,422
Caisse Des Depots (CDC)	6.44%	08/2001	\$ 3,621,939	3,621,939	3,621,939
				11,452,180	11,452,180
Participant notes receivable	7.00%-10.00%		\$ 8,627,127	8,627,127	8,627,127

Continued

HUMANA RETIREMENT AND SAVINGS PLAN  
PLAN #002 EIN #61-0647538  
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES, Continued  
December 31, 1997  
(Item 27a of Form 5500)

Issuer	Stated Issuer Rate	Maturity Date	Par or Maturity Value/Number of Units or Shares	Cost	Fair Value/Contract Value
Investment at Contract Value:					
Investment Contracts Insurance Company:					
Allstate Life Insurance Co.	6.92%	05/2001	\$ 3,000,000	\$ 3,000,000	\$ 3,346,960
Allstate Life Insurance Co.	6.38%	02/2002	\$ 4,000,000	4,000,000	4,443,573
Canada Life Assurance Co.	5.71%	09/1998	\$ 3,000,000	3,000,000	3,097,393
Commonwealth Life Insurance Co., Synthetic GIC	6.44%	03/2007	\$ 18,940,771	18,940,771	18,940,771
Commonwealth Life Insurance Co.	7.30%	12/1999	\$ 4,000,000	4,000,000	4,001,545
Confederation Life Insurance Co., Group Annuity Contract	8.72%	08/1994	\$ 1	1	8,014
Confederation Life Insurance Co.,					

Group Annuity Contract	9.44%	05/1995	\$	1	1	68,278
Confederation Life Insurance Co., Group Annuity Contract	8.30%	01/1996	\$	1	1	10,685
Confederation Life Insurance Co., Group Annuity Contract	8.46%	05/1996	\$	1	1	47,457
Confederation Life Insurance Co., Group Annuity Contract	8.30%	08/1996	\$	1	1	16,313
Continental Assurance Co.	7.66%	09/1999	\$	3,000,000	3,000,000	3,056,333
Continental Assurance Co., Synthetic GIC	6.73%	10/2000	\$	3,000,000	3,000,000	3,005,806
Jackson National Life GIC	6.24%	12/2000	\$	3,000,000	3,000,000	3,170,179
Jackson National Life, Synthetic GIC	6.91%	06/2007	\$	6,500,000	6,500,000	6,511,719
John Hancock Mutual Life	6.33%	05/2007	\$	2,000,000	2,000,000	2,031,864
Life of Virginia	6.20%	12/1998	\$	2,000,000	2,000,000	2,098,946
Lincoln National Life Insurance Co.	8.12%	05/1999	\$	1,000,000	1,000,000	1,000,678
Metropolitan Life Insurance Co., Group Annuity Contract	8.55%	01/1998	\$	15,556	15,556	376,744
Metropolitan Life Insurance Co., Group Annuity Contract	8.30%	01/1998	\$	11,752	11,752	194,934
Metropolitan Life Insurance Co., Group Annuity Contract	6.22%	05/2000	\$	645,045	645,045	777,266
Metropolitan Life Insurance Co., Group Annuity Contract	6.25%	07/2000	\$	2,000,000	2,000,000	2,051,817
New York Life Insurance Co., Group Annuity Contract	7.22%	03/2000	\$	3,000,000	3,000,000	3,163,188
New York Life Insurance Co., Group Annuity Contract	6.64%	04/2001	\$	3,000,000	3,000,000	3,036,565
Principal Mutual Life Insurance Co.	8.62%	05/1998	\$	1,050,976	1,050,976	1,231,496
Prudential Insurance Co.	5.12%	02/1999	\$	2,000,000	2,000,000	2,085,499
TransAmerica Accidental Life Insurance Co.	7.31%	02/2000	\$	3,000,000	3,000,000	3,182,795
United of Omaha Life Insurance Co.	5.75%	05/2001	\$	3,000,000	3,000,000	3,006,767
					71,164,105	73,963,585
					\$ 344,098,761	\$ 440,153,314

HUMANA RETIREMENT AND SAVINGS PLAN  
PLAN #002 EIN #61-0647538  
SCHEDULE OF REPORTABLE TRANSACTIONS  
For the year ended December 31, 1997  
(Item 27d of Form 5500)

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
Single transactions in excess of 5% of plan assets:								
Jackson National Life	GIC	\$ 19,533,904	--	--	--		\$19,533,904	
Invesco Value Trust	Mutual Fund	19,371,659	--	--	--		19,371,659	
Armada Gov. Fund - Disc	Money Market	19,371,659		--	--		19,371,659	
Armada Gov. Fund - Disc	Money Market		\$19,371,659	--	--	\$19,371,659	19,371,659	
A series of transactions in excess of 5% of plan assets:*								
Armada Money Market Fund	Money Market	39,477,804	--	--	--		39,477,804	
Armada Money Market Fund	Money Market		42,132,577	--	--	42,132,577	42,132,577	
Invesco Value Trust	Mutual Fund	23,341,804	--	--	--		23,341,804	
Armada Gov. Fund - Disc	Money Market	88,644,718	--	--	--		88,644,718	
Armada Gov. Fund - Disc	Money Market		89,633,086	--	--	89,633,086	89,633,086	

\*Note: Single transaction items may be included with a series of 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 29, 1998

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Exhibit Index

Exhibit 23                      Consent of Coopers & Lybrand L.L.P.

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Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this Registration Statement of the Humana Retirement and Savings Plan on Form S-8 (File No. 33-49305), of our report dated June 5, 1998 on our audits of the financial statements and supplemental schedules of the Humana Retirement and Savings Plan as of December 31, 1997 and 1996, and for the years ended December 31, 1997 and 1996, which report is included in this Annual Report on Form 11-K.

COOPERS & LYBRAND L.L.P.

Louisville, KY  
June 29, 1998