

Creating long-term value through health engagement

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CECP - Strategic Investor Initiative
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Humana



Cautionary statement

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

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

Humana advises investors to read the following documents as filed by the company with the SEC:

- Form 10-K for the year ended December 31, 2016;
- Form 8-Ks filed during 2017.

About Humana

\$54 Billion – 2016 Revenues

Insurance Services

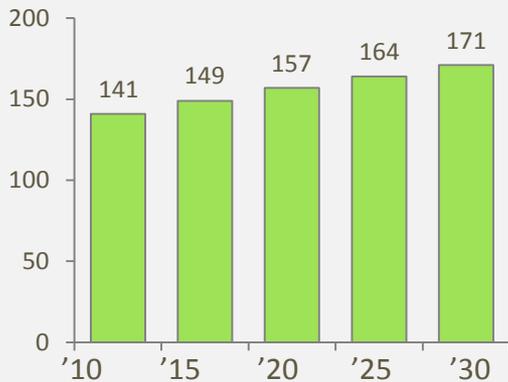
- **Leading position in Medicare Advantage (MA) and Part D**
 - 3.2 million MA members
 - 5 million stand-alone Part D members
- **One of the leading service providers to the military through TRICARE contract**
 - 3.1 million members
 - Recently awarded East Region Contract expanding to over 6 million members (*effective Oct 2017*)
- **1.7 million commercial group members**

Healthcare Services

- **Humana At Home** – ~1 million members served
- **Humana Pharmacy** – 4th largest PBM/mail order services
- **Primary Care Clinics** - 66 fully owned; 79 joint ventures
- **Go365** - Proprietary prevention/wellness program; 3.6 million members
- **Integrated Clinical & Consumer Analytics** platform

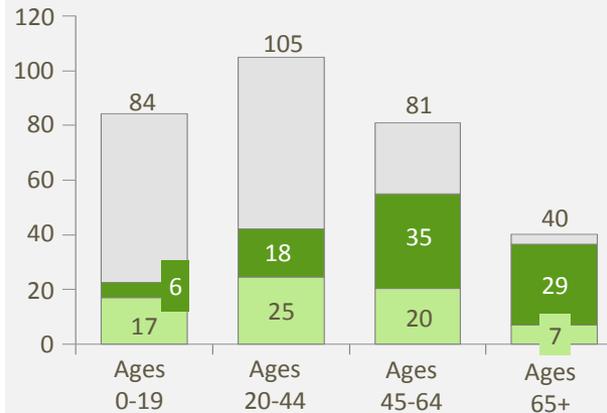
Fast growing healthcare costs are driven by an aging population, growing prevalence of chronic disease combined with a misaligned healthcare system

People in U.S. with chronic disease (M)



Represents a relatively stable ~45% of the US population

Chronic disease prevalence, US population (M)



- No chronic conditions
- 2+ chronic conditions
- 1 chronic condition

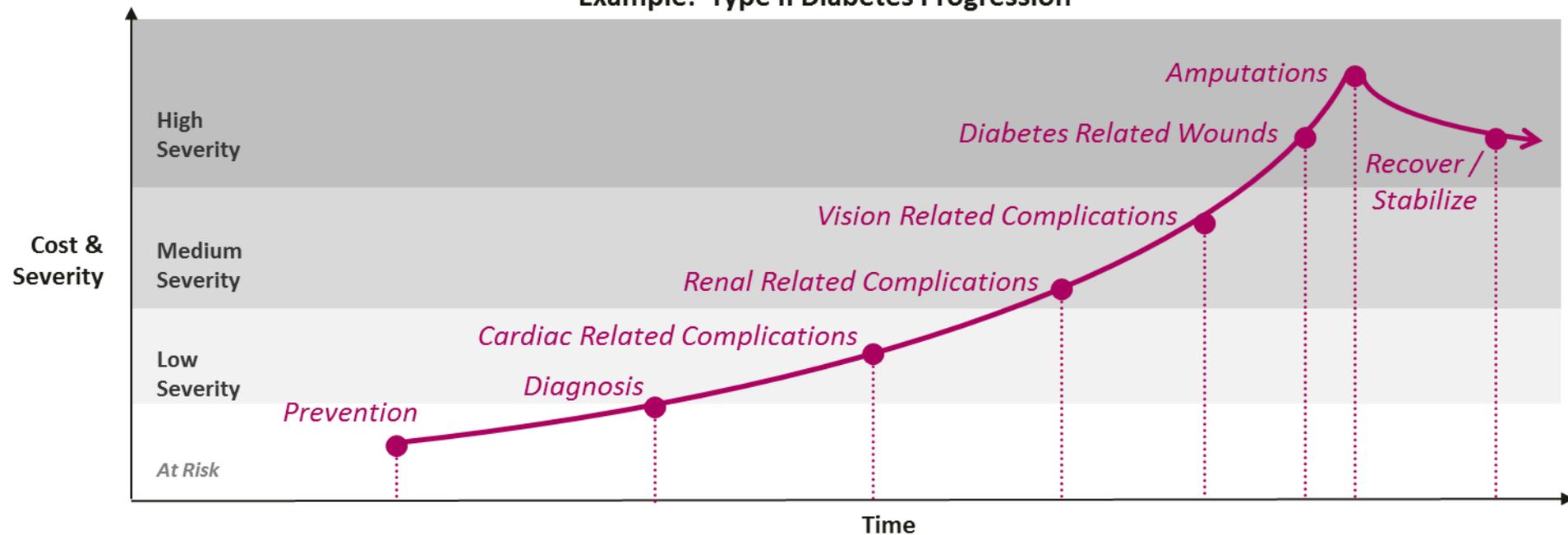
US Federal revenue / spending, (\$T)



- Other health programs
- Medicare

The healthcare industry has an opportunity to move beyond treatment to improving health through managing health and lifestyle

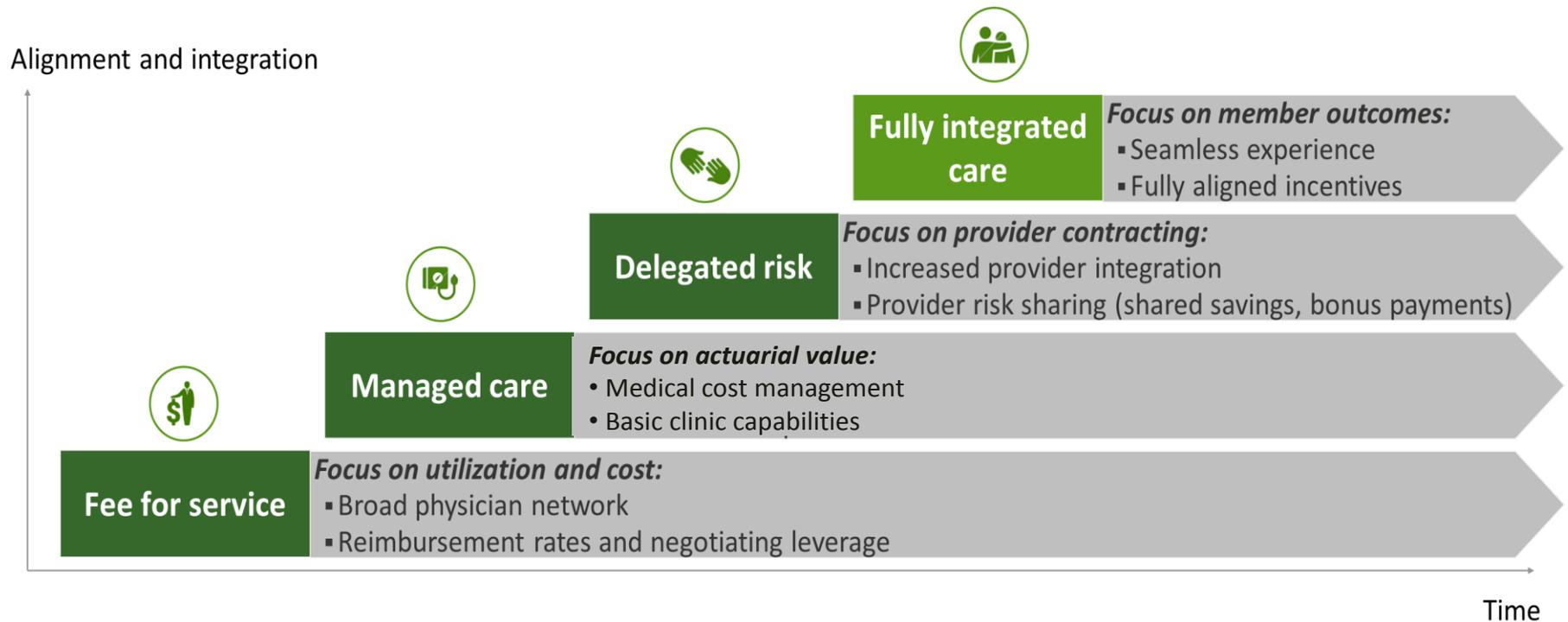
Example: Type II Diabetes Progression



		Low Severity	Medium Severity	High Severity
Cost	Avg. Medical Claims	\$613	\$1,852	\$4,059

Source: All data are for 2013, except health metrics, which are for Q2 2014. Member count and cost data: CODA_3626. Non-diabetic progression rate: Clinical Analytics Diabetes Predictive Model. Other progression rates: calculated from Diabetes Opportunity Size Model. Health metrics by severity: CODA_248

The basis for competition is changing rapidly with integration becoming critical to success



Industry evolution will result in aligned payments, a less complex healthcare system and more engaged individuals in health

Our health-focused business model

Essential to capitalizing on the growing demand is driving engagement in clinical programs

QUALITY MEMBERSHIP GROWTH

...is driven by

AFFORDABLE PRODUCTS

...which is enabled by

CLINICAL PROGRAMS

EXPERIENCE

PRODUCTIVITY

...and results in a strong brand



We focus on five key areas of healthcare to drive effective engagement



Prevention
& wellness

Primary
care

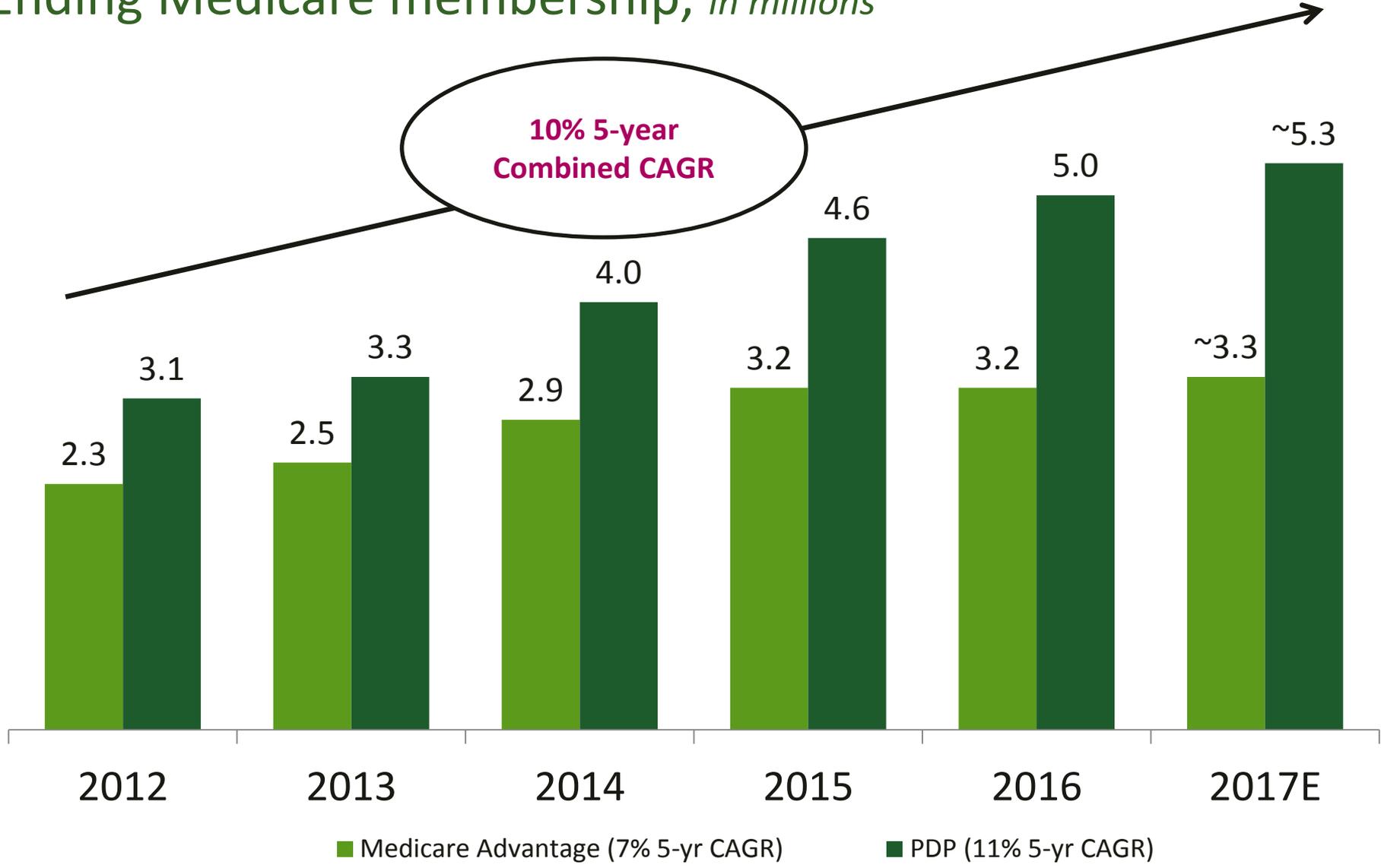
Pharmacy

Home
health

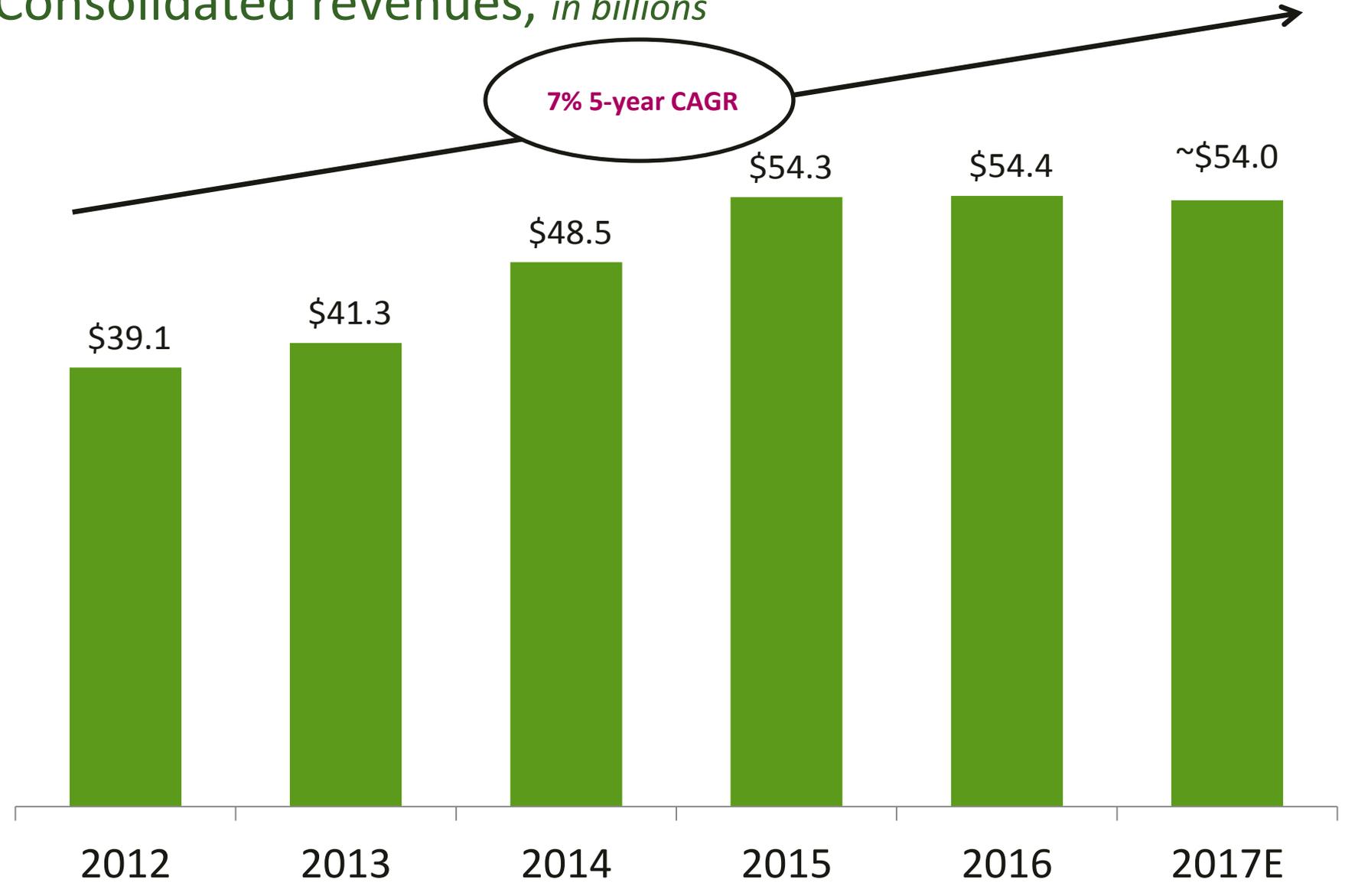
Behavioral
health

Growing membership, increasing engagement and broadening clinical programs → ***drive the expansion of our Healthcare Services businesses***

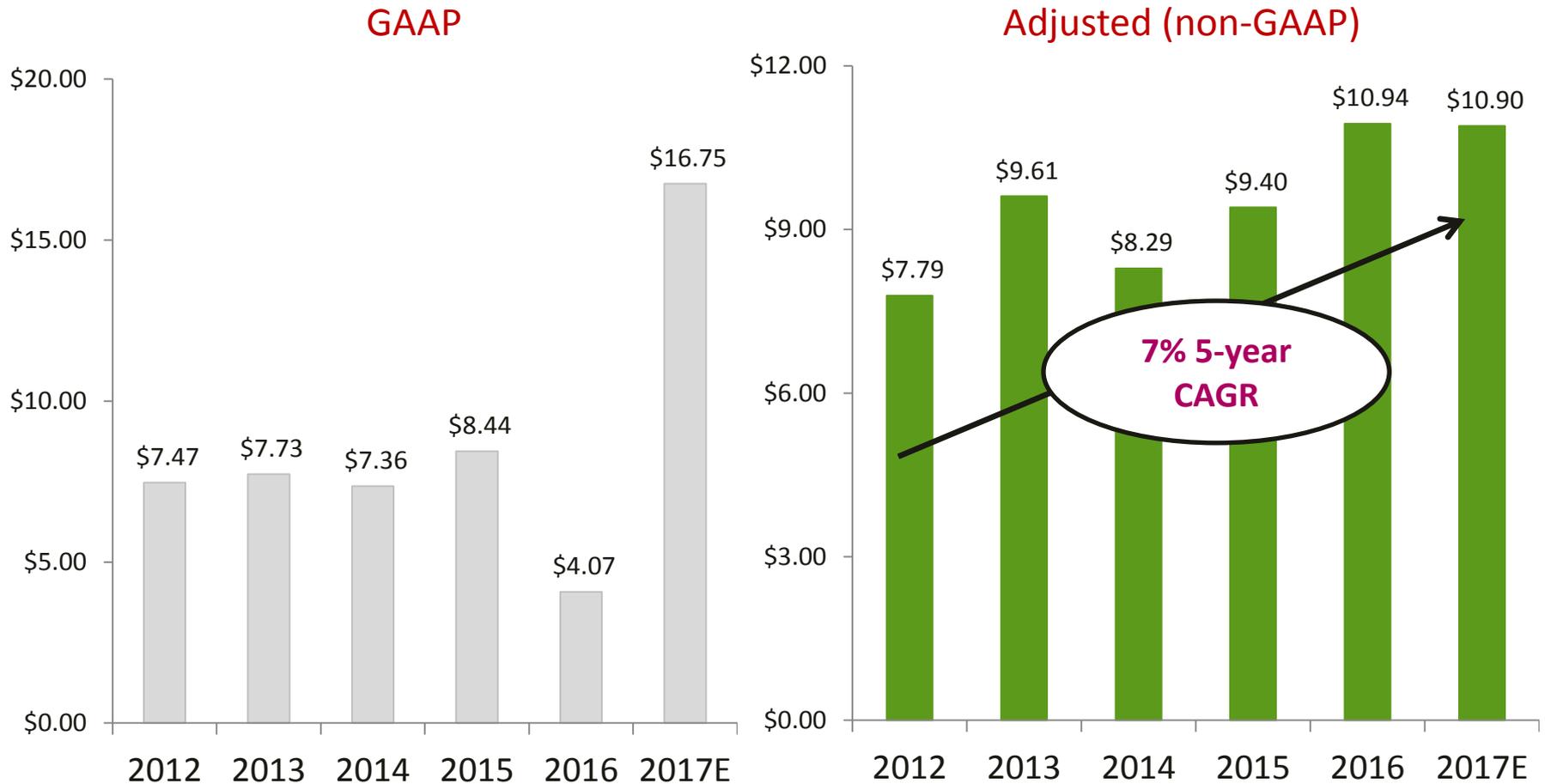
Ending Medicare membership, *in millions*



Consolidated revenues, *in billions*



Earnings per diluted common share



A reconciliation of GAAP to Adjusted EPS is included in this slide presentation

Capital deployment will focus on growing our clinical capabilities

Returning Capital to Shareholders

- Share repurchase program of \$1.5 billion ASR in 1Q 2017
- ~\$500 million in additional repurchases during remainder of year
- Cash dividend raised by approximately 40 percent in 1Q 2017

Acquisitions/Capital Investment

- Home health capabilities in care delivery
- Owned primary care clinics, joint ventures and population health technology
- Behavioral health capabilities
- Small pharmacy dispensing capabilities in clinics / physician offices



Our health-focused business model is what drives our purpose ...

Our Bold Goal

The communities we serve will be **20% healthier by 2020** because we make it easy for people to achieve their best health

Measuring the health of the communities we serve

6.7
Physically
unhealthy
days



4.3
Mentally
unhealthy
days

11 unhealthy
days

2020 Goal
improve by 20% to

8.8 unhealthy
days

...which includes our commitment to our associates



Health Impact

- 9% decreased number of health risks
- 42% eliminated risks & improved health
- 37% returned to normal blood pressure
- 20% reduced pre-diabetes prevalence

Volunteerism

- ~33% actively engaged in volunteerism

90th

Associate engagement compared to other Fortune 100 global companies



INSPIRE
health



CULTIVATE
uniqueness



RETHINK
routine



PIONEER
simplicity



THRIVE
together

...and to our communities

RobecoSAM Sustainability Yearbook



Humana was named the Health Care Providers & Services Industry Leader for its CSR efforts in RobecoSAM's 2016 Sustainability Yearbook – making this the **third consecutive year** Humana has achieved this status.

Dow Jones Sustainability Indices (DJSI) In Collaboration with RobecoSAM



Humana has been included in the DJSI for 10 consecutive years because of our commitment to sustainable business practices.

CR Magazine's 100 Best Corporate Citizens



Humana ranked 65 on *CR Magazine's* 100 Best Corporate Citizens list in 2016.

FTSE4Good Index



Humana is a constituent of the FTSE4Good Index for strong social, environmental and governance performance.

Human Rights Campaign Foundation's Corporate Equality Index



Humana earned a 100 percent on the Human Rights Campaign Foundation's Corporate Equality Index in 2016.

Newsweek Green Rankings Out of 500 companies



Humana ranked 18 in the 2016 Newsweek Green Rankings of 500 U.S. companies.

Military Times Best for Vets: Employers



Humana has been recognized as a Best for Vets Employer for six consecutive years as of 2016 and ranked 27 in 2016.

Carbon Disclosure Project (CDP) Leadership Index



Since 2007, Humana has provided information on its carbon-reduction efforts to the CDP, formerly the Carbon Disclosure Project, an independent non-profit organization with the largest database of corporate climate change information in the world. In 2016, Humana received a grade of A- for the depth and comprehensiveness of its disclosure.

National Business Group on Health's Best Employers for Healthy Lifestyles



Humana is one of only 26 U.S. companies to receive the Platinum Award in 2016.

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Reconciliation of GAAP to non-GAAP financial measures

Diluted earnings per common share	2012	2013	2014	2015	2016	2017
Generally Accepted Accounting Principles	\$7.47	\$7.73	\$7.36	\$8.44	\$4.07	~\$16.75
<i>Adjustments (described below)</i>	<i>0.32</i>	<i>1.88</i>	<i>0.93</i>	<i>0.96</i>	<i>6.87</i>	<i>~(5.85)</i>
Adjusted (non-GAAP) – recast as needed*	\$7.79	\$9.61	\$8.29	\$9.40	\$10.94	~\$10.90

2017 Adjusted results exclude the following operating (income) losses or expenses:

- ~\$0.17 per diluted common share of projected operating losses for the company's individual commercial medical (Individual Commercial) business given the company's planned exit on January 1, 2018.
- (~\$4.32) per diluted common share of net gain associated with termination of the previously pending merger transaction.
- ~\$0.31 per diluted common share of amortization expense associated with identifiable intangibles.
- (~\$2.14) per diluted common share for the beneficial effect of a lower effective tax rate in light of pricing and benefit design assumptions associated with the 2017 temporary suspension of the non-deductible health insurance industry fee; excludes portion applicable to the company's Individual Commercial business.
- ~\$0.13 per diluted common share of estimated guaranty fund assessment expense to support the policyholder obligations of Penn Treaty (an unaffiliated long-term care insurance company).

2016 Adjusted results exclude the following losses or expenses:

- \$1.37 per diluted common share of operating losses for the company's Individual Commercial business given the company's planned exit on January 1, 2018.
- \$0.64 per diluted common share of transaction and integration costs for the then-pending transaction.
- \$0.32 per diluted common share of amortization expense associated with identifiable intangibles.
- \$2.43 per diluted common share associated with the write-off of receivables associated with the risk corridor premium stabilization program.
- \$2.11 per diluted common share of reserve strengthening related to the company's non-strategic closed block of long-term care insurance business .

Reconciliation of GAAP to non-GAAP financial measures

continued

2015 Adjusted results exclude the following (income) losses or expenses :

- \$1.26 per diluted common share of operating losses for the company's Individual Commercial business given the company's planned exit on January 1, 2018; excludes impact of premium deficiency reserve related to the company's 2016 ACA-compliant Individual Commercial offerings.
- \$0.14 per diluted common share of transaction and integration costs for the then-pending transaction.
- \$0.39 per diluted common share of amortization expense associated with identifiable intangibles.
- \$0.74 per diluted common share of expenses associated with a premium deficiency reserve related to the company's 2016 ACA-compliant Individual Commercial offerings.
- (\$1.57) per diluted common share of gain associated with the company's sale of its wholly-owned subsidiary, Concentra Inc. on June 1, 2015.

2014 Adjusted results exclude the following operating losses or expenses:

- \$0.29 per diluted common share of operating losses for the company's Individual Commercial business given the company's planned exit on January 1, 2018.
- \$0.49 per diluted common share of amortization expense associated with identifiable intangibles.
- \$0.15 per diluted common share of expenses associated with early retirement of debt.

2013 Adjusted results exclude the following losses or expenses:

- \$0.42 per diluted common share of operating losses for the company's Individual Commercial business given the company's planned exit on January 1, 2018.
- \$0.47 per diluted common share of amortization expense associated with identifiable intangibles.
- \$0.99 per diluted common share of reserve strengthening related to the company's non-strategic closed block of long-term care insurance business .

2012 Adjusted results exclude the following losses or expenses:

- \$0.03 per diluted common share of operating losses for the company's Individual Commercial business given the company's planned exit on January 1, 2018.
- \$0.29 per diluted common share of amortization expense associated with identifiable intangibles.