

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-5975

HUMANA INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

61-0647538

(I.R.S. Employer Identification No.)

500 West Main Street

Louisville, Kentucky 40202

(Address of principal executive offices, including zip code)

(502) 580-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.16 2/3 par value	HUM	New York Stock Exchange

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes 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 September 30, 2021
\$0.16 2/3 par value	128,534,291 shares

Humana Inc.
FORM 10-Q
SEPTEMBER 30, 2021

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Humana Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2021	December 31, 2020
	(in millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,304	\$ 4,673
Investment securities	13,719	12,554
Receivables, less allowance for doubtful accounts of \$82 in 2021 and \$72 in 2020	1,879	1,138
Other current assets	5,913	5,276
Total current assets	25,815	23,641
Property and equipment, net	2,898	2,371
Long-term investment securities	1,095	1,212
Equity method investments	143	1,170
Goodwill	10,806	4,447
Other long-term assets	4,563	2,128
Total assets	\$ 45,320	\$ 34,969
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Benefits payable	\$ 8,758	\$ 8,143
Trade accounts payable and accrued expenses	4,957	4,013
Book overdraft	240	320
Unearned revenues	277	318
Short-term debt	795	600
Total current liabilities	15,027	13,394
Long-term debt	11,466	6,060
Other long-term liabilities	2,545	1,787
Total liabilities	29,038	21,241
Stockholders' equity:		
Preferred stock, \$1 par; 10,000,000 shares authorized; none issued	—	—
Common stock, \$0.16 2/3 par; 300,000,000 shares authorized; 198,648,742 shares issued at September 30, 2021 and December 31, 2020	33	33
Capital in excess of par value	3,064	2,705
Retained earnings	23,191	20,517
Accumulated other comprehensive income	145	391
Treasury stock, at cost, 70,114,451 shares at September 30, 2021 and 69,787,614 shares at December 31, 2020	(10,173)	(9,918)
Noncontrolling interests	22	—
Total stockholders' equity	16,282	13,728
Total liabilities and stockholders' equity	\$ 45,320	\$ 34,969

See accompanying notes to condensed consolidated financial statements.

Humana Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	(in millions, except per share results)			
Revenues:				
Premiums	\$ 19,885	\$ 18,904	\$ 59,987	\$ 55,822
Services	845	457	1,802	1,331
Investment (loss) income	(33)	714	221	940
Total revenues	20,697	20,075	62,010	58,093
Operating expenses:				
Benefits	17,316	15,611	51,761	45,415
Operating costs	2,603	2,513	6,726	6,984
Depreciation and amortization	150	128	436	362
Total operating expenses	20,069	18,252	58,923	52,761
Income from operations	628	1,823	3,087	5,332
Interest expense	88	75	235	211
Other (income) expense, net	(1,096)	(7)	(562)	63
Income before income taxes and equity in net earnings	1,636	1,755	3,414	5,058
Provision for income taxes	120	450	536	1,485
Equity in net earnings	15	35	69	68
Net income	\$ 1,531	\$ 1,340	\$ 2,947	\$ 3,641
Less: Net income attributable to noncontrolling interests	—	—	—	—
Net income attributable to Humana	\$ 1,531	\$ 1,340	\$ 2,947	\$ 3,641
Basic earnings per common share	\$ 11.91	\$ 10.12	\$ 22.90	\$ 27.53
Diluted earnings per common share	\$ 11.84	\$ 10.05	\$ 22.77	\$ 27.37

See accompanying notes to condensed consolidated financial statements.

Humana Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	(in millions)			
Net income	\$ 1,531	\$ 1,340	\$ 2,947	\$ 3,641
Other comprehensive income:				
Change in gross unrealized investment (losses) gains	(63)	66	(247)	332
Effect of income taxes	14	(15)	56	(78)
Total change in unrealized investment (losses) gains, net of tax	(49)	51	(191)	254
Reclassification adjustment for net realized gains	(16)	(1)	(80)	(48)
Effect of income taxes	4	—	19	10
Total reclassification adjustment, net of tax	(12)	(1)	(61)	(38)
Other comprehensive (loss) gain, net of tax	(61)	50	(252)	216
Comprehensive (loss) income attributable to equity method investments	(10)	3	6	(2)
Comprehensive income (loss) attributable to noncontrolling interests	—	—	—	—
Comprehensive income attributable to Humana	<u>\$ 1,460</u>	<u>\$ 1,393</u>	<u>\$ 2,701</u>	<u>\$ 3,855</u>

See accompanying notes to condensed consolidated financial statements.

Humana Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Treasury Stock	Noncontrolling Interests	Total Stockholders' Equity
	Issued Shares	Amount						
(dollars in millions, share amounts in thousands)								
Three months ended September 30, 2021								
Balances, June 30, 2021	198,649	\$ 33	\$ 3,018	\$ 21,751	\$ 216	\$ (10,175)	\$ —	\$ 14,843
Net income				1,531				1,531
Acquisition							22	22
Other comprehensive loss					(71)			(71)
Common stock repurchases			—			(3)		(3)
Dividends and dividend equivalents				(91)				(91)
Stock-based compensation			48					48
Restricted stock unit vesting			(3)			3		—
Stock option exercises			1			2		3
Balances, September 30, 2021	<u>198,649</u>	<u>\$ 33</u>	<u>\$ 3,064</u>	<u>\$ 23,191</u>	<u>\$ 145</u>	<u>\$ (10,173)</u>	<u>\$ 22</u>	<u>\$ 16,282</u>
Three months ended September 30, 2020								
Balances, June 30, 2020	198,630	\$ 33	\$ 2,898	\$ 19,616	\$ 317	\$ (8,448)	\$ —	\$ 14,416
Net income				1,340				1,340
Other comprehensive income					53			53
Common stock repurchases	19		—			(5)		(5)
Dividends and dividend equivalents				(84)				(84)
Stock-based compensation			47					47
Restricted stock unit vesting			(6)			6		—
Stock option exercises			1			—		1
Balances, September 30, 2020	<u>198,649</u>	<u>\$ 33</u>	<u>\$ 2,940</u>	<u>\$ 20,872</u>	<u>\$ 370</u>	<u>\$ (8,447)</u>	<u>\$ —</u>	<u>\$ 15,768</u>

See accompanying notes to condensed consolidated financial statements.

Humana Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Noncontrolling Interests	Total Stockholders' Equity
	Issued Shares	Amount						
(dollars in millions, share amounts in thousands)								
Nine months ended September 30, 2021								
Balances, December 31, 2020	198,649	\$ 33	\$ 2,705	\$ 20,517	\$ 391	\$ (9,918)	\$ —	\$ 13,728
Net income				2,947				2,947
Acquisition							22	22
Other comprehensive loss					(246)			(246)
Common stock repurchases			263			(299)		(36)
Dividends and dividend equivalents				(273)				(273)
Stock-based compensation			132					132
Restricted stock unit vesting	—	—	(40)			40		—
Stock option exercises	—	—	4			4		8
Balances, September 30, 2021	198,649	\$ 33	\$ 3,064	\$ 23,191	\$ 145	\$ (10,173)	\$ 22	\$ 16,282
Nine months ended September 30, 2020								
Balances, December 31, 2019	198,630	\$ 33	\$ 2,820	\$ 17,483	\$ 156	\$ (8,455)	\$ —	\$ 12,037
Net income				3,641				3,641
Impact of adopting ASC 326 - Current expected credit loss standard (CECL)				(2)				(2)
Other comprehensive income					214			214
Common stock repurchases	19		—			(30)		(30)
Dividends and dividend equivalents				(250)				(250)
Stock-based compensation			129					129
Restricted stock unit vesting	—	—	(21)			21		—
Stock option exercises	—	—	12			17		29
Balances, September 30, 2020	198,649	\$ 33	\$ 2,940	\$ 20,872	\$ 370	\$ (8,447)	\$ —	\$ 15,768

See accompanying notes to condensed consolidated financial statements.

Humana Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine months ended September 30,	
	2021	2020
(in millions)		
Cash flows from operating activities		
Net income	\$ 2,947	\$ 3,641
Adjustments to reconcile net income to net cash provided by operating activities:		
Losses (gains) on investment securities, net	18	(696)
Gain on Kindred at Home equity method investment	(1,129)	—
Equity in net earnings	(69)	(68)
Stock-based compensation	132	129
Depreciation	468	390
Amortization	51	66
Benefit for deferred income taxes	—	(3)
Changes in operating assets and liabilities, net of effect of businesses acquired:		
Receivables	(294)	(82)
Other assets	(476)	(1,547)
Benefits payable	573	2,204
Other liabilities	207	1,257
Unearned revenues	(84)	40
Other	14	25
Net cash provided by operating activities	<u>2,358</u>	<u>5,356</u>
Cash flows from investing activities		
Acquisitions, net of cash and cash equivalents acquired	(3,959)	(709)
Purchases of property and equipment, net	(945)	(668)
Purchases of investment securities	(6,573)	(7,230)
Proceeds from maturities of investment securities	2,103	3,500
Proceeds from sales of investment securities	2,920	2,097
Net cash used in investing activities	<u>(6,454)</u>	<u>(3,010)</u>
Cash flows from financing activities		
Receipts (withdrawals) from contract deposits, net	605	(274)
Proceeds from issuance of senior notes, net	2,984	1,088
Proceeds from issuance of commercial paper, net	193	21
Proceeds from term loan	500	1,000
Repayment of term loan	(150)	—
Debt issue costs	(29)	—
Change in book overdraft	(80)	(11)
Common stock repurchases	(36)	(30)
Dividends paid	(263)	(239)
Proceeds from stock option exercises and other, net	3	30
Net cash provided by financing activities	<u>3,727</u>	<u>1,585</u>
(Decrease) increase in cash and cash equivalents	(369)	3,931
Cash and cash equivalents at beginning of period	4,673	4,054
Cash and cash equivalents at end of period	<u>\$ 4,304</u>	<u>\$ 7,985</u>

Humana Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(Unaudited)

	For the nine months ended September 30,	
	2021	2020
	(in millions)	
Supplemental cash flow disclosures:		
Interest payments	\$ 183	\$ 159
Income tax payments, net	\$ 219	\$ 778
Details of businesses acquired in purchase transactions:		
Fair value of assets acquired, net of cash acquired	\$ 9,572	\$ 816
Less: Fair value of liabilities assumed	(3,231)	(107)
Less: Noncontrolling interests acquired	(22)	—
Less: Remeasured existing Kindred at Home equity method investment	(2,360)	—
Cash paid for acquired businesses, net of cash acquired	<u>\$ 3,959</u>	<u>\$ 709</u>

See accompanying notes to condensed consolidated financial statements.

Humana Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION AND SIGNIFICANT EVENTS

The accompanying condensed consolidated financial statements are presented in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures normally required by accounting principles generally accepted in the United States of America, or GAAP, or those normally made in an Annual Report on Form 10-K. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. For further information, the reader of this Form 10-Q should refer to our Form 10-K for the year ended December 31, 2020, that was filed with the Securities and Exchange Commission, or the SEC, on February 18, 2021. We refer to the Form 10-K as the “2020 Form 10-K” in this document. References throughout this document to “we,” “us,” “our,” “Company,” and “Humana” mean Humana Inc. and its subsidiaries.

The preparation of our condensed consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The areas involving the most significant use of estimates are the estimation of benefits payable, the impact of risk adjustment provisions related to our Medicare contracts, the valuation and related impairment recognition of investment securities, and the valuation and related impairment recognition of long-lived assets, including goodwill. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results may ultimately differ materially from those estimates. Refer to Note 2 to the consolidated financial statements included in our 2020 Form 10-K for information on accounting policies that we consider in preparing our consolidated financial statements. Since the filing of our 2020 Form 10-K we have acquired noncontrolling interest and indefinite-lived intangible assets as part of our acquisition of Kindred at Home, or KAH, during the third quarter of 2021. See Note 3 for further information. We have updated our accounting policies accordingly.

The financial information has been prepared in accordance with our customary accounting practices and has not been audited. In our opinion, the information presented reflects all adjustments necessary for a fair statement of interim results. All such adjustments are of a normal and recurring nature.

Indefinite-lived Assets

We are required to annually compare the fair values of other indefinite-lived intangible assets to their carrying amounts. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair values of indefinite-lived intangible assets are determined based on the income approach.

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues and expenses of less than 100% owned affiliates that we control. Accordingly, we record noncontrolling interests in the earnings and equity of such entities. We record adjustments to noncontrolling interests for the allocable portion of income or loss to which the noncontrolling interest holders are entitled based upon their portion of the subsidiaries they own. Distributions to holders of noncontrolling interests are adjusted to the respective noncontrolling interest holders' balances. Noncontrolling interests, which relate to the minority ownership held by third party investors in certain of our Home Health Solutions business, are reported below net income under the heading “Net income attributable to noncontrolling interest” in the condensed consolidated statements of income and presented as a component of equity in the condensed consolidated balance sheets.

COVID-19

The emergence and spread of the novel coronavirus, or COVID-19, beginning in the first quarter of 2020 has impacted our business. During periods of increased incidences of COVID-19, non-essential care from a reduction in non-COVID-19 hospital admissions and lower overall healthcare system consumption decreased utilization. Likewise COVID-19 treatment and testing cost increased utilization. The significant disruption in utilization during

Humana Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

2020 also impacted our ability to implement clinical initiatives to manage health care costs and chronic conditions of our members, and appropriately document their risk profiles, and, as such, is significantly affecting our 2021 revenue under the risk adjustment payment model for Medicare Advantage plans.

Revenue Recognition

Our revenues include premium and service revenues. Service revenues include administrative service fees that are recorded based upon established per member per month rates and the number of members for the month and are recognized as services are provided for the month. Additionally, service revenues include net patient service revenues that are recorded based upon established billing rates, less allowances for contractual adjustments, and are recognized as services are provided. For more information about our revenues, refer to Note 2 to the consolidated financial statements included in our 2020 Form 10-K for information on accounting policies that we consider in preparing our consolidated financial statements. See Note 14 for disaggregation of revenue by segment and type.

At September 30, 2021, accounts receivable related to services were \$578 million. For the three and nine months ended September 30, 2021, we had no material bad-debt expense and there were no material contract assets, contract liabilities or deferred contract costs recorded on the condensed consolidated balance sheet at September 30, 2021.

For the three and nine months ended September 30, 2021, services revenue recognized from performance obligations related to prior periods (for example, due to changes in transaction price), was not material. Further, services revenue expected to be recognized in any future year related to remaining performance obligations was not material.

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In September 2018, the FASB issued new guidance related to accounting for long-duration contracts of insurers which revises key elements of the measurement models and disclosure requirements for long-duration contracts issued by insurers, including the amortization of deferred contract acquisition costs and the measurement of liabilities for future policy benefits using current, rather than locked-in assumptions. The new guidance is effective for us beginning with annual and interim periods in 2023, with earlier adoption permitted, and are to be applied to contracts in force or at the beginning of the earliest period presented, with an option to apply retrospectively with a cumulative effect adjustment to the opening balances of retained earnings as of the earliest period presented. We are currently evaluating the impact on our results of operations, financial position and cash flows.

There are no other recently issued accounting standards that apply to us or that are expected to have a material impact on our results of operations, financial condition, or cash flows.

Humana Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

3. ACQUISITIONS

On August 17, 2021, we acquired the remaining 60% interest in Kindred at Home, or KAH, the nation's largest home health and hospice provider, from TPG Capital, or TPG, and Welsh, Carson, Anderson & Stowe, or WCAS, two private equity funds, or the Sponsors, for an enterprise value of \$8.2 billion, which includes our equity value of \$2.4 billion associated with our 40% minority ownership interest. The remeasurement to fair value of our previously held 40% equity method investment with a carrying value of approximately \$1.3 billion, resulted in a \$1.1 billion gain recognized in "Other (income) expense, net". KAH has locations in 40 states, providing extensive geographic coverage with approximately 65% overlap with our individual Medicare Advantage membership. We paid the approximate \$5.8 billion transaction price (net of our existing equity stake) through a combination of debt financing, the assumption of existing KAH indebtedness and parent company cash. The preliminary fair values of KAH's assets acquired and liabilities assumed at the date of the acquisition are summarized as follows:

	Kindred at Home (\$ in millions)	
Cash and cash equivalents	\$	278
Receivables		424
Other current assets		63
Property and equipment		74
Goodwill		5,778
Other intangible assets		2,325
Other long-term assets		172
Total assets acquired	\$	9,114
Current liabilities	\$	452
Long term debt		2,078
Other long-term liabilities		392
Total liabilities assumed	\$	2,922
Non-controlling interests		22
Net assets acquired	\$	6,170

The other intangible assets primarily consist of Certificate of Needs (CON) and Medicare licenses which have indefinite lives. Amortizing trade names included in other intangibles assets of approximately \$18 million have an estimated weighted average useful life of 10 years. The goodwill, allocated to our Healthcare Services segment, primarily relates to the future economic benefit arising from the assets acquired and is consistent with our integrated care delivery strategy. Approximately \$132 million of the goodwill is deductible for tax purposes. The purchase price allocation is preliminary, subject to completion of valuation analyses, including, for example, refining assumptions used to calculate the fair value of other intangible assets. The results of operations and financial condition of KAH have been included in our condensed consolidated statements of income and condensed consolidated balance sheets from the acquisition date. In connection with the acquisition, we recognized approximately \$45 million of acquisition-related costs, primarily compensation costs as well as banker and other professional fees, in operating costs in our condensed consolidated statements of income. The comparative proforma financial information assuming the acquisition had occurred as of January 1, 2020 was not material to our results of operations.

During 2021 and 2020, we acquired various health and wellness related businesses which, individually or in the aggregate, have not had a material impact on our results of operations, financial condition, or cash flows. The results of operations and financial condition of these businesses acquired in 2021 and 2020 have been included in our condensed consolidated statements of income and condensed consolidated balance sheets from the respective acquisition dates. Acquisition-related costs recognized in 2021 and 2020 were not material to our results of

Humana Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

operations. The pro forma financial information assuming the acquisitions had occurred as of the beginning of the calendar year prior to the year of acquisition, as well as the revenues and earnings generated during the year of acquisition, were not material for disclosure purposes.

4. INVESTMENT SECURITIES

Investment securities classified as current and long-term were as follows at September 30, 2021 and December 31, 2020, respectively:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in millions)				
September 30, 2021				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	\$ 656	\$ 1	\$ (7)	\$ 650
Mortgage-backed securities	3,699	69	(46)	3,722
Tax-exempt municipal securities	853	35	(2)	886
Mortgage-backed securities:				
Residential	392	—	(3)	389
Commercial	1,438	37	(7)	1,468
Asset-backed securities	1,394	7	(1)	1,400
Corporate debt securities	5,493	152	(47)	5,598
Total debt securities	<u>\$ 13,925</u>	<u>\$ 301</u>	<u>\$ (113)</u>	<u>\$ 14,113</u>
Common stock				701
Total investment securities				<u>\$ 14,814</u>
December 31, 2020				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	\$ 616	\$ 1	\$ (1)	\$ 616
Mortgage-backed securities	3,115	140	(1)	3,254
Tax-exempt municipal securities	1,393	54	—	1,447
Mortgage-backed securities:				
Residential	17	—	—	17
Commercial	1,260	59	(1)	1,318
Asset-backed securities	1,364	10	(2)	1,372
Corporate debt securities	4,672	256	(1)	4,927
Total debt securities	<u>\$ 12,437</u>	<u>\$ 520</u>	<u>\$ (6)</u>	<u>\$ 12,951</u>
Common stock				815
Total investment securities				<u>\$ 13,766</u>

Humana Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Gross unrealized losses and fair values aggregated by investment category and length of time of individual debt securities that have been in a continuous unrealized loss position for which no allowances for credit loss has been recorded were as follows at September 30, 2021 and December 31, 2020, respectively:

	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
(in millions)						
September 30, 2021						
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	\$ 261	\$ (4)	\$ 181	\$ (3)	\$ 442	\$ (7)
Mortgage-backed securities	2,555	(41)	231	(5)	2,786	(46)
Tax-exempt municipal securities	77	(1)	28	(1)	105	(2)
Mortgage-backed securities:						
Residential	348	(3)	—	—	348	(3)
Commercial	340	(6)	98	(1)	438	(7)
Asset-backed securities	296	(1)	277	—	573	(1)
Corporate debt securities	1,589	(39)	223	(8)	1,812	(47)
Total debt securities	<u>\$ 5,466</u>	<u>\$ (95)</u>	<u>\$ 1,038</u>	<u>\$ (18)</u>	<u>\$ 6,504</u>	<u>\$ (113)</u>

December 31, 2020

U.S. Treasury and other U.S. government corporations and agencies:

U.S. Treasury and agency obligations	\$ 225	\$ (1)	\$ —	\$ —	\$ 225	\$ (1)
Mortgage-backed securities	199	(1)	—	—	199	(1)
Tax-exempt municipal securities	16	—	19	—	35	—
Mortgage-backed securities:						
Residential	17	—	—	—	17	—
Commercial	193	(1)	43	—	236	(1)
Asset-backed securities	65	—	498	(2)	563	(2)
Corporate debt securities	342	(1)	16	—	358	(1)
Total debt securities	<u>\$ 1,057</u>	<u>\$ (4)</u>	<u>\$ 576</u>	<u>\$ (2)</u>	<u>\$ 1,633</u>	<u>\$ (6)</u>

Approximately 96% of our debt securities were investment-grade quality, with a weighted average credit rating of AA- by Standard & Poor's Rating Service, or S&P, at September 30, 2021. Most of the debt securities that were below investment-grade were rated BB, the higher end of the below investment-grade rating scale. Tax-exempt municipal securities were diversified among general obligation bonds of states and local municipalities in the United States as well as special revenue bonds issued by municipalities to finance specific public works projects such as utilities, water and sewer, transportation, or education. Our general obligation bonds are diversified across the

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United States with no individual state exceeding 1% of our total debt securities. Our investment policy limits investments in a single issuer and requires diversification among various asset types.

Our unrealized losses from all debt securities were generated from approximately 540 positions out of a total of approximately 1,740 positions at September 30, 2021. All issuers of debt securities we own that were trading at an unrealized loss at September 30, 2021 remain current on all contractual payments. After taking into account these and other factors previously described, we believe these unrealized losses primarily were caused by an increase in market interest rates in the current markets since the time these debt securities were purchased. At September 30, 2021, we did not intend to sell any debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not likely that we will be required to sell these debt securities before recovery of their amortized cost basis. Additionally, we did not record any material credit allowances for debt securities that were in an unrealized loss position for the three and nine months ended September 30, 2021 and 2020.

The detail of gains (losses) related to investment securities and included within investment income was as follows for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	(in millions)		(in millions)	
Gross gains on investment securities	\$ 71	\$ 2	\$ 180	\$ 71
Gross losses on investment securities	(1)	—	(1)	(18)
Net (losses) gains on equity securities	(174)	643	(197)	643
Net (losses) gains on investment securities	\$ (104)	\$ 645	\$ (18)	\$ 696

Purchases of and proceeds from investment securities for the three and nine months ended September 30, 2021 and 2020 relate primarily to debt securities.

The contractual maturities of debt securities available for sale at September 30, 2021, regardless of their balance sheet classification, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	\$ 543	\$ 547
Due after one year through five years	2,185	2,254
Due after five years through ten years	2,919	2,966
Due after ten years	1,355	1,367
Mortgage and asset-backed securities	6,923	6,979
Total debt securities	\$ 13,925	\$ 14,113

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5. FAIR VALUE
Financial Assets

The following table summarizes our fair value measurements at September 30, 2021 and December 31, 2020, respectively, for financial assets measured at fair value on a recurring basis:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
(in millions)				
September 30, 2021				
Cash equivalents	\$ 3,894	\$ 3,894	\$ —	\$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	650	—	650	—
Mortgage-backed securities	3,722	—	3,722	—
Tax-exempt municipal securities	886	—	886	—
Mortgage-backed securities:				
Residential	389	—	389	—
Commercial	1,468	—	1,468	—
Asset-backed securities	1,400	—	1,400	—
Corporate debt securities	5,598	—	5,598	—
Total debt securities	<u>14,113</u>	<u>—</u>	<u>14,113</u>	<u>—</u>
Common stock	701	701	—	—
Total invested assets	<u>\$ 18,708</u>	<u>\$ 4,595</u>	<u>\$ 14,113</u>	<u>\$ —</u>
December 31, 2020				
Cash equivalents	\$ 4,548	\$ 4,548	\$ —	\$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	616	—	616	—
Mortgage-backed securities	3,254	—	3,254	—
Tax-exempt municipal securities	1,447	—	1,447	—
Mortgage-backed securities:				
Residential	17	—	17	—
Commercial	1,318	—	1,318	—
Asset-backed securities	1,372	—	1,372	—
Corporate debt securities	4,927	—	4,927	—
Total debt securities	<u>12,951</u>	<u>—</u>	<u>12,951</u>	<u>—</u>
Common stock	815	815	—	—
Total invested assets	<u>\$ 18,314</u>	<u>\$ 5,363</u>	<u>\$ 12,951</u>	<u>\$ —</u>

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Financial Liabilities

Our debt is recorded at carrying value in our consolidated balance sheets. The carrying value of our senior notes debt outstanding, net of unamortized debt issuance costs, was \$9.0 billion at September 30, 2021 and \$6.1 billion at December 31, 2020. The fair value of our senior notes debt was \$10.1 billion at September 30, 2021 and \$7.4 billion at December 31, 2020. The fair value of our senior notes debt is determined based on Level 2 inputs, including quoted market prices for the same or similar debt, or if no quoted market prices are available, on the current prices estimated to be available to us for debt with similar terms and remaining maturities. Due to the short-term duration, carrying value approximates fair value for our term loans and commercial paper borrowings. The term loans, including the assumption of Kindred at Home's term loan, and commercial paper borrowings were \$3.2 billion as of September 30, 2021 and our commercial paper borrowings were \$0.6 billion as of December 31, 2020.

Put and Call Options Measured at Fair Value

Effective April 27, 2021, with the signing of the definitive agreement to acquire the remaining 60% interest of KAH, the respective put and call options were terminated. As such, the \$63 million put and \$440 million call fair values as of the first quarter of 2021 were reduced to zero, resulting in \$377 million in "Other (income) expense, net" in our condensed consolidated statements of income for the nine months ended September 30, 2021.

The put and call options were measured at fair value using a Monte Carlo simulation which resulted in fair values of \$45 million and \$503 million, respectively, at December 31, 2020. The put option was included within other long-term liabilities and the call option included within other long-term assets at December 31, 2020. The change in fair value of the put and call options is reflected as "Other (income) expense, net" in our condensed consolidated statements of income.

Other Assets and Liabilities Measured at Fair Value

Certain assets and liabilities are measured at fair value on a non-recurring basis subject to fair value adjustment only in certain circumstances. As disclosed in Note 3, "Acquisitions", we completed our acquisition of KAH during the third quarter of 2021. The net assets acquired and resulting goodwill and other intangible assets were recorded at fair value primarily using Level 3 inputs. The net tangible assets including receivables and accrued liabilities were recorded at their carrying value which approximated their fair value due to their short term nature. The fair value of goodwill and other intangible assets were internally estimated based primarily on the income approach. The income approach estimates fair value based on the present value of cash flow that the assets could be expected to generate in the future. We developed internal estimates for expected cash flows in the present value calculation using inputs and significant assumptions that include historical revenues and earnings, revenue growth rates, the amount and timing of future cash flows, discount rates, contributory asset charges and future tax rates, among others. The excess purchase price over the fair value of assets and liabilities acquired is recorded as goodwill.

Other than the assets acquired and liabilities assumed in the KAH and other acquisitions in Note 3, there were no other material assets or liabilities measured at fair value on a recurring or nonrecurring basis during 2021.

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6. MEDICARE PART D

We cover prescription drug benefits in accordance with Medicare Part D under multiple contracts with the Centers for Medicare and Medicaid Services, or CMS, as described further in Note 2 to the consolidated financial statements included in our 2020 Form 10-K. The accompanying condensed consolidated balance sheets include the following amounts associated with Medicare Part D at September 30, 2021 and December 31, 2020. CMS subsidies/discounts in the table below include the reinsurance and low-income cost subsidies funded by CMS for which we assume no risk as well as brand name prescription drug discounts for Part D plan participants in the coverage gap funded by CMS and pharmaceutical manufacturers.

	September 30, 2021		December 31, 2020	
	Risk Corridor Settlement	CMS Subsidies/ Discounts	Risk Corridor Settlement	CMS Subsidies/ Discounts
	(in millions)			
Other current assets	\$ 170	\$ 1,681	\$ 216	\$ 1,420
Trade accounts payable and accrued expenses	(14)	(1,139)	(39)	(253)
Net current asset	156	542	177	1,167
Other long-term assets	244	—	8	—
Other long-term liabilities	(257)	—	(90)	—
Net long-term liability	(13)	—	(82)	—
Total net asset	<u>\$ 143</u>	<u>\$ 542</u>	<u>\$ 95</u>	<u>\$ 1,167</u>

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for our reportable segments for the nine months ended September 30, 2021 were as follows:

	Retail	Group and Specialty	Healthcare Services	Total
	(in millions)			
Balance at January 1, 2021	\$ 1,535	\$ 261	\$ 2,651	\$ 4,447
Acquisitions	205	—	6,154	6,359
Balance at September 30, 2021	<u>\$ 1,740</u>	<u>\$ 261</u>	<u>\$ 8,805</u>	<u>\$ 10,806</u>

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The following table presents details of our other intangible assets included in other long-term assets in the accompanying condensed consolidated balance sheets at September 30, 2021 and December 31, 2020.

	Weighted Average Life	September 30, 2021			December 31, 2020		
		Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
(\$ in millions)							
Other intangible assets:							
Certificates of need	Indefinite	\$ 1,786	\$ —	\$ 1,786	\$ —	\$ —	\$ —
Medicare licenses	Indefinite	522	—	522	—	—	—
Customer contracts/ relationships	9.4 years	876	608	268	849	572	277
Trade names and technology	7.1 years	156	94	62	122	89	33
Provider contracts	11.7 years	70	55	15	69	50	19
Noncompetes and other	7.0 years	34	29	5	29	29	—
Total other intangible assets	9.1 years	<u>\$ 3,444</u>	<u>\$ 786</u>	<u>\$ 2,658</u>	<u>\$ 1,069</u>	<u>\$ 740</u>	<u>\$ 329</u>

For the three months ended September 30, 2021 and 2020, amortization expense for other intangible assets was approximately \$17 million and \$23 million, respectively. For the nine months ended September 30, 2021 and 2020, amortization expense for other intangible assets was approximately \$47 million and \$66 million, respectively. The following table presents our estimate of amortization expense remaining for 2021 and each of the five next succeeding years:

	(in millions)
For the years ending December 31,	
2021	\$ 18
2022	66
2023	50
2024	43
2025	42
2026	29

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8. BENEFITS PAYABLE

On a consolidated basis, activity in benefits payable was as follows for the nine months ended September 30, 2021 and 2020:

	For the nine months ended September 30,	
	2021	2020
	(in millions)	
Balances, beginning of period	\$ 8,143	\$ 6,004
Less: Reinsurance recoverables	—	(68)
Balances, beginning of period, net	8,143	5,936
Acquisitions	42	—
Incurred related to:		
Current year	52,529	45,693
Prior years	(768)	(278)
Total incurred	51,761	45,415
Paid related to:		
Current year	(44,370)	(37,810)
Prior years	(6,818)	(5,334)
Total paid	(51,188)	(43,144)
Reinsurance recoverable	—	1
Balances, end of period	\$ 8,758	\$ 8,208

Amounts incurred related to prior periods vary from previously estimated liabilities as the claims ultimately are settled. Negative amounts reported for incurred related to prior years result from claims being ultimately settled for amounts less than originally estimated (favorable development).

Our reserving practice is to consistently recognize the actuarial best estimate of our ultimate liability for claims. Actuarial standards require the use of assumptions based on moderately adverse experience, which generally results in favorable reserve development, or reserves that are considered redundant.

The higher prior year favorable development for the nine months ended September 30, 2021 was primarily attributable to the reversal of actions taken in 2020, including the suspension of certain financial recovery programs for a period of time. The suspension during 2020 was intended to provide financial and administrative relief for providers facing unprecedented strain as a result of the COVID-19 pandemic.

Incurred and Paid Claims Development

The following discussion provides information about incurred and paid claims development for our Retail and Group and Specialty segments as of September 30, 2021 and 2020, net of reinsurance, and the total estimate of benefits payable for claims incurred but not reported, or IBNR, included within the net incurred claims amounts.

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Retail Segment

Activity in benefits payable for our Retail segment was as follows for the nine months ended September 30, 2021 and 2020:

	For the nine months ended September 30,	
	2021	2020
	(in millions)	
Balances, beginning of period	\$ 7,428	\$ 5,363
Less: Reinsurance recoverables	—	(68)
Balances, beginning of period, net	7,428	5,295
Acquisitions	42	—
Incurred related to:		
Current year	49,247	42,186
Prior years	(673)	(235)
Total incurred	48,574	41,951
Paid related to:		
Current year	(41,721)	(34,946)
Prior years	(6,216)	(4,759)
Total paid	(47,937)	(39,705)
Reinsurance recoverable	—	1
Balances, end of period	\$ 8,107	\$ 7,542

At September 30, 2021, benefits payable for our Retail segment included IBNR of approximately \$5.4 billion, primarily associated with claims incurred in 2021.

Group and Specialty Segment

Activity in benefits payable for our Group and Specialty segment was as follows for the nine months ended September 30, 2021 and 2020:

	For the nine months ended September 30,	
	2021	2020
	(in millions)	
Balances, beginning of period	\$ 715	\$ 641
Incurred related to:		
Current year	3,769	3,929
Prior years	(95)	(43)
Total incurred	3,674	3,886
Paid related to:		
Current year	(3,136)	(3,286)
Prior years	(602)	(575)
Total paid	(3,738)	(3,861)
Balances, end of period	\$ 651	\$ 666

At September 30, 2021, benefits payable for our Group and Specialty segment included IBNR of approximately \$564 million, primarily associated with claims incurred in 2021.

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9. EARNINGS PER COMMON SHARE COMPUTATION

Detail supporting the computation of basic and diluted earnings per common share was as follows for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	(dollars in millions, except per common share results; number of shares in thousands)			
Net income available for common stockholders	\$ 1,531	\$ 1,340	\$ 2,947	\$ 3,641
Weighted average outstanding shares of common stock used to compute basic earnings per common share	128,518	132,318	128,714	132,234
Dilutive effect of:				
Employee stock options	68	105	65	95
Restricted stock	669	773	619	681
Shares used to compute diluted earnings per common share	129,255	133,196	129,398	133,010
Basic earnings per common share	\$ 11.91	\$ 10.12	\$ 22.90	\$ 27.53
Diluted earnings per common share	\$ 11.84	\$ 10.05	\$ 22.77	\$ 27.37
Number of antidilutive stock options and restricted stock excluded from computation	136	143	256	311

10. STOCKHOLDERS' EQUITY
Dividends

The following table provides details of dividend payments, excluding dividend equivalent rights for unvested stock awards, in 2020 and 2021 under our Board approved quarterly cash dividend policy:

Record Date	Payment Date	Amount per Share	Total Amount (in millions)
2020 payments			
12/31/2019	1/31/2020	\$ 0.550	\$ 73
3/31/2020	4/24/2020	0.625	83
6/30/2020	7/31/2020	0.625	83
9/30/2020	10/30/2020	0.625	83
2021 payments			
12/31/2020	1/29/2021	\$ 0.625	\$ 81
3/31/2021	4/30/2021	0.700	90
6/30/2021	7/30/2021	0.700	90
9/30/2021	10/29/2021	0.700	90

In October 2021, the Board declared a cash dividend of \$0.70 per share payable on January 28, 2022 to stockholders of record on December 31, 2021.

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Stock Repurchases

Our Board of Directors may authorize the purchase of our common stock shares. Under the share repurchase authorization, shares may be purchased from time to time at prevailing prices in the open market, by block purchases, through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, or in privately-negotiated transactions, including pursuant to accelerated share repurchase agreements with investment banks, subject to certain regulatory restrictions on volume, pricing, and timing.

On July 30, 2019, the Board of Directors replaced a previous share repurchase authorization of up to \$3 billion (of which approximately \$1.03 billion remained unused) with a new authorization for repurchases of up to \$3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring on June 30, 2022.

On July 31, 2019, we entered into an accelerated stock repurchase agreement, the July 2019 ASR, with Citibank, N.A., or Citi, to repurchase \$1 billion of our common stock. On August 2, 2019, we made a payment of \$1 billion to Citi and received an initial delivery of 2.7 million shares of our common stock. We recorded the payment to Citi as a reduction to stockholders' equity, consisting of an \$800 million increase in treasury stock, which reflects the value of the initial 2.7 million shares received upon initial settlement, and a \$200 million decrease in capital in excess of par value, which reflects the value of stock held back by Citi pending final settlement of the July 2019 ASR. Upon final settlement of the July 2019 ASR on December 26, 2019, we received an additional 0.7 million shares as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of \$296.19, bringing the total shares received under the July 2019 ASR to 3.4 million. In addition, upon settlement we reclassified the \$200 million value of stock initially held back by Citi from capital in excess of par value to treasury stock.

On December 22, 2020, we entered into separate accelerated stock repurchase agreements, ("the December 2020 ASR Agreements"), with Citibank, N.A., or Citi, and JPMorgan Chase Bank, or JPM, to repurchase \$1.75 billion of our common stock as part of the \$3 billion repurchase program authorized by the Board of Directors on July 30, 2019. On December 23, 2020, in accordance with the December 2020 ASR Agreements, we made a payment of \$1.75 billion (\$875 million to Citi and \$875 million to JPM) and received an initial delivery of 3.8 million shares of our common stock (1.9 million shares each from Citi and JPM). We recorded the payments to Citi and JPM as a reduction to stockholders' equity, consisting of an \$1.5 billion increase in treasury stock, which reflects the value of the initial 3.8 million shares received upon initial settlement, and a \$262.5 million decrease in capital in excess of par value, which reflects the value of stock held back by Citi and JPM pending final settlement of the December 2020 ASR Agreements. Upon final settlement of the December 2020 ASR agreements with Citi and JPM on May 4, 2021 and May 5, 2021, respectively, we received an additional 0.3 million shares and 0.3 million shares, respectively, as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of \$400.07 and \$401.49, respectively, bringing the total shares received under the December 2020 ASR agreements to 4.4 million. In addition, upon settlement we reclassified the \$262.5 million value of stock initially held back by Citi and JPM from capital in excess of par value to treasury stock.

On February 18, 2021, the Board of Directors replaced the previous share repurchase authorization of up to \$3 billion (of which approximately \$250 million remained unused) with a new authorization for repurchases of up to \$3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 18, 2024. Our remaining repurchase authorization was \$3 billion as of November 2, 2021.

In connection with employee stock plans, we acquired 0.09 million common shares for \$36 million and 0.08 million common shares for \$30 million during the nine months ended September 30, 2021 and 2020, respectively.

Noncontrolling interests

Noncontrolling interests of \$22 million as of September 30, 2021 relate to the minority ownership held by third party investors in certain of our Home Solutions businesses as a result of our Kindred at Home acquisition.

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11. INCOME TAXES

The effective income tax rate was 7.2% and 15.4% for the three and nine months ended September 30, 2021, respectively, compared to 25.2% and 29.0% for the three and nine months ended September 30, 2020, respectively, primarily due to the non-taxable gain we recognized on our previously held Kindred at Home equity method investment from our acquisition of the remaining ownership interest in the business in August 2021 and the termination of the non-deductible health insurance industry fee in 2021.

12. DEBT

The carrying value of debt outstanding, net of unamortized debt issuance costs, was as follows at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
	(in millions)	
Short-term debt:		
Commercial paper	\$ 795	\$ 600
Total short-term debt	\$ 795	\$ 600
Long-term debt:		
Senior notes:		
\$600 million, 3.15% due December 1, 2022	\$ 599	\$ 598
\$400 million, 2.90% due December 15, 2022	399	398
\$1.5 billion, 0.650% due August 3, 2023	1,491	—
\$600 million, 3.85% due October 1, 2024	598	598
\$600 million, 4.50% due April 1, 2025	596	595
\$750 million, 1.350% due February 3, 2027	742	—
\$600 million, 3.95% due March 15, 2027	596	596
\$500 million, 3.125% due August 15, 2029	496	495
\$500 million, 4.875% due April 1, 2030	495	494
\$750 million, 2.150% due February 3, 2032	741	—
\$250 million, 8.15% due June 15, 2038	262	262
\$400 million, 4.625% due December 1, 2042	396	396
\$750 million, 4.95% due October 1, 2044	740	739
\$400 million, 4.80% due March 15, 2047	395	396
\$500 million, 3.95% due August 15, 2049	492	493
Term loans:		
Gentiva term loan, due July 2, 2025	1,928	—
Delayed draw term loan, due May 28, 2024	500	—
Total long-term debt	\$ 11,466	\$ 6,060

Senior Notes

Our senior notes, which are unsecured, may be redeemed at our option at any time at 100% of the principal amount plus accrued interest and a specified make-whole amount. The 8.15% senior notes are subject to an interest rate adjustment if the debt ratings assigned to the notes are downgraded (or subsequently upgraded). In addition, our

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senior notes contain a change of control provision that may require us to purchase the notes under certain circumstances.

In August 2021, we issued \$1.5 billion of 0.650% unsecured senior notes due August 3, 2023, \$750 million of 1.350% unsecured senior notes due February 3, 2027 and \$750 million of 2.150% unsecured senior notes due February 3, 2032. Our net proceeds, reduced for the underwriters' discount and commission and offering expenses paid as of September 30, 2021 were \$2.984 billion. We used the net proceeds, together with cash on hand and borrowings under our \$500 million delayed draw term loan, to fund the approximately \$5.8 billion purchase price of the acquisition of Kindred at Home, which included the assumption of approximately \$2.1 billion of Kindred at Home's indebtedness and is net of our existing 40% equity interest, and to pay related fees and expenses.

Delayed Draw Term Loan Credit Agreement

In May 2021, we entered into a \$500 million unsecured delayed draw term loan credit agreement. Under the term loan credit agreement, loans bear interest at either LIBOR plus a spread or the base rate plus a spread. The loans under the term loan credit agreement mature on the third anniversary of the funding date. The LIBOR spread, currently 125 basis points, varies depending on our credit ratings ranging from 100.0 to 162.5 basis points. The term loan credit agreement provides for the transition from LIBOR and does not require amendment in connection with such transition.

In August 2021, we borrowed \$500 million under the delayed draw term loan agreement, which was used, in combination with other debt financing, to fund the approximate \$5.8 billion transaction price of Kindred at Home. The term loan credit agreement contains customary restrictive covenants and a financial covenant regarding maximum debt to capitalization of 60%, as well as customary events of default. We are in compliance with this financial covenant, with actual debt to capitalization of 43% as measured in accordance with the term loan credit agreement as of September 30, 2021.

We have other customary, arms-length relationships, including financial advisory and banking, with some parties to the term loan agreement.

Gentiva Credit Agreement

Gentiva Health Services, Inc., or Gentiva, an entity within the Kindred at Home organizational structure, and certain of Gentiva's subsidiaries are a party to a First Lien Credit Agreement, which we refer to as the Gentiva Credit Agreement. The Gentiva Credit Agreement consists of (i) a term loan facility maturing on July 2, 2025, which we refer to as the Gentiva Term Loan, and (ii) a \$350 million revolving credit facility maturing on July 2, 2023, which we refer to as the Gentiva Revolver. As of the closing of the acquisition of Kindred at Home on August 17, 2021, we assumed approximately \$2.1 billion of borrowings under the Gentiva Term Loan, and subsequent to the acquisition, we repaid \$150 million of borrowings under the Gentiva Term Loan. No borrowings were outstanding under the Gentiva Revolver and the Gentiva Revolver was subsequently terminated on September 30, 2021.

Borrowings under the Gentiva Term Loan bear interest at a rate per annum of 175 basis points over the base rate or 275 basis points over the Eurodollar rate. The Gentiva Term Loan requires certain mandatory prepayments of a percentage of excess cash flow (as defined in the Gentiva Credit Agreement) or following certain events, including certain asset sales and casualty events, and requires quarterly amortization payments of 0.25% of the original principal amount of the term loan. The Gentiva Term Loan is not subject to any financial maintenance covenants.

The Gentiva Credit Agreement imposes certain restrictions including, but not limited to, those that restrict (with certain exceptions) Gentiva's and its guarantor subsidiaries' ability to incur additional indebtedness or liens, make certain investments or restricted payments (including dividends), engage in new lines of business, sell assets and engage in certain affiliate transactions. The Gentiva Credit Agreement also contains certain customary representations and warranties, covenants, events of default and acceleration provisions upon the occurrence of an

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event of default (including a change of control). All amounts outstanding under the Gentiva Term Loan were repaid on October 29, 2021, and the Gentiva Credit Agreement was terminated.

October 2021 Term Loan Agreement

On October 29, 2021, we entered into a \$2.0 billion term loan credit agreement, which we refer to as the October 2021 Term Loan Agreement, with certain lending banks and other financial institutions. Proceeds of the October 2021 Term Loan Agreement were applied to finance the repayment in full of the outstanding debt under the Gentiva Credit Agreement and for other general corporate purposes.

Loans under the October 2021 Term Loan Agreement bear interest at adjusted Term SOFR, as defined in the October 2021 Term Loan Agreement, or the base rate plus a spread. The loans under the October 2021 Term Loan Agreement will mature on the second anniversary of the closing date, October 29, 2023. The October 2021 Term Loan Agreement contains customary covenants, including a maximum debt to capitalization financial condition covenant, as well as customary events of default. The terms of the October 2021 Term Loan Agreement also include customary representations and warranties. We have other relationships, including financial advisory and banking, with some parties to the October 2021 Term Loan Agreement. The foregoing description of the October 2021 Term Loan Agreement does not purport to be complete. For an understanding of the terms and provisions of the October 2021 Term Loan Agreement, reference should be made to the copy of that agreement attached as Exhibit 10.4 to this Form 10-Q and incorporated by reference herein.

At the time of the repayment in full of the Gentiva Credit Agreement, there was \$1.9 billion of outstanding debt thereunder and no prepayment penalty was due.

Revolving Credit Agreements

In June 2021, we entered into two separate revolving credit agreements: (i) a 5-year, \$2.5 billion unsecured revolving credit agreement and (ii) a 364-day \$1.5 billion unsecured revolving credit agreement. Under the revolving credit agreements, at our option, we can borrow on either a competitive advance basis or a revolving credit basis. The revolving credit portion bears interest at either LIBOR plus a spread or the base rate plus a spread. The competitive advance portion of any borrowings will bear interest at market rates prevailing at the time of borrowing on either a fixed rate or a floating rate based on LIBOR, at our option. The revolving credit agreements provide for the transition from LIBOR and do not require amendment in connection with such transition.

The LIBOR spread, currently 110.0 basis points under the 5-year revolving credit agreements and 115.0 basis points under the 364-day revolving credit agreement, varies depending on our credit ratings ranging from 91.0 to 140.0 basis points under the 5-year revolving credit agreement and from 93.0 to 145.0 basis points under the 364-day revolving credit agreement. We also pay an annual facility fee regardless of utilization. This facility fee, currently 15.0 basis points, under the 5-year revolving credit agreement and 10.0 basis points under the 364-day revolving agreement, varies depending on our credit ratings ranging from 9.0 to 22.5 basis points under the 5-year revolving credit agreement and from 7.0 to 17.5 basis points under the 364-day revolving credit agreement.

The terms of the revolving credit agreements include standard provisions related to conditions of borrowing which could limit our ability to borrow additional funds. In addition, the credit agreements contain customary restrictive covenants and a financial covenant regarding maximum debt to capitalization of 60%, as well as customary events of default. We are in compliance with this financial covenant, with actual debt to capitalization of 43% as measured in accordance with the revolving credit agreements as of September 30, 2021. Upon our agreement with one or more financial institutions, we may expand the aggregate commitments under the revolving credit agreements by up to \$750 million in the aggregate, to a maximum of \$4.75 billion, across the 5-year and 364-day revolving credit agreements.

At September 30, 2021, we had no borrowings and less than \$1 million of letters of credit outstanding under the revolving credit agreements. Accordingly, as of September 30, 2021, we had \$2.5 billion of remaining borrowing

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capacity under the 5-year revolving credit agreement and \$1.5 billion of remaining borrowing capacity under the 364-day revolving credit agreement (which excludes the uncommitted \$750 million of incremental loan facilities), none of which would be restricted by our financial covenant compliance requirement.

We have other customary, arms-length relationships, including financial advisory and banking, with some parties to the revolving credit agreements.

Commercial Paper

Under our commercial paper program we may issue short-term, unsecured commercial paper notes privately placed on a discount basis through certain broker dealers at any time not to exceed \$2 billion. Amounts available under the program may be borrowed, repaid and re-borrowed from time to time. The net proceeds of issuances have been and are expected to be used for general corporate purposes. The maximum principal amount outstanding at any one time during the nine months ended September 30, 2021 was \$1.1 billion, with \$795 million outstanding at September 30, 2021 compared to \$600 million outstanding at December 31, 2020. The outstanding commercial paper at September 30, 2021 had a weighted average annual interest rate of 0.29%.

Other Short-term Borrowings

We are a member, through one subsidiary, of the Federal Home Loan Bank of Cincinnati, or FHLB. As a member we have the ability to obtain short-term cash advances, subject to certain minimum collateral requirements. At September 30, 2021 we had no outstanding short-term FHLB borrowings.

13. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Government Contracts

Our Medicare products, which accounted for approximately 83% of our total premiums and services revenue for the nine months ended September 30, 2021, primarily consisted of products covered under the Medicare Advantage and Medicare Part D Prescription Drug Plan contracts with the federal government. These contracts are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare products have been renewed for 2022 and all of our product offerings have been approved.

CMS uses a risk-adjustment model which adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to reflect the health status of our enrolled membership. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data to calculate the risk-adjusted premium payment to MA plans, which CMS adjusts for coding pattern differences between the health plans and the government fee-for-service program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model. These compliance efforts include the internal contract level audits described in more detail below, as well as ordinary course reviews of our internal business processes.

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CMS is phasing-in the process of calculating risk scores using diagnoses data from the Risk Adjustment Processing System, or RAPS, to diagnoses data from the Encounter Data System, or EDS. The RAPS process requires MA plans to apply a filter logic based on CMS guidelines and only submit diagnoses that satisfy those guidelines. For submissions through EDS, CMS requires MA plans to submit all the encounter data and CMS will apply the risk adjustment filtering logic to determine the risk scores. For 2020, 50% of the risk score was calculated from claims data submitted through EDS. CMS increased that percentage to 75% for 2021 and will complete the phased-in transition from RAPS to EDS by using only EDS data to calculate risk scores in 2022. The phase-in from RAPS to EDS could result in different risk scores from each dataset as a result of plan processing issues, CMS processing issues, or filtering logic differences between RAPS and EDS, and could have a material adverse effect on our results of operations, financial position, or cash flows.

CMS and the Office of the Inspector General of Health and Human Services, or HHS-OIG, are continuing to perform audits of various companies' selected MA contracts related to this risk adjustment diagnosis data. We refer to these audits as Risk-Adjustment Data Validation Audits, or RADV audits. RADV audits review medical records in an attempt to validate provider medical record documentation and coding practices which influence the calculation of premium payments to MA plans.

In 2012, CMS released a "Notice of Final Payment Error Calculation Methodology for Part C Medicare Advantage Risk Adjustment Data Validation (RADV) Contract-Level Audits." The payment error calculation methodology provided that, in calculating the economic impact of audit results for an MA contract, if any, the results of the RADV audit sample would be extrapolated to the entire MA contract after a comparison of the audit results to a similar audit of the government's traditional fee-for-service Medicare program, or Medicare FFS. We refer to the process of accounting for errors in FFS claims as the "FFS Adjuster." This comparison of RADV audit results to the FFS error rate is necessary to determine the economic impact, if any, of RADV audit results because the government used the Medicare FFS program data set, including any attendant errors that are present in that data set, to estimate the costs of various health status conditions and to set the resulting adjustments to MA plans' payment rates in order to establish actuarial equivalence in payment rates as required under the Medicare statute. CMS already makes other adjustments to payment rates based on a comparison of coding pattern differences between MA plans and Medicare FFS data (such as for frequency of coding for certain diagnoses in MA plan data versus the Medicare FFS program dataset).

The final RADV extrapolation methodology, including the first application of extrapolated audit results to determine audit settlements, is expected to be applied to CMS RADV contract level audits conducted for contract year 2011 and subsequent years. CMS is currently conducting RADV contract level audits for certain of our Medicare Advantage plans.

Estimated audit settlements are recorded as a reduction of premiums revenue in our consolidated statements of income, based upon available information. We perform internal contract level audits based on the RADV audit methodology prescribed by CMS. Included in these internal contract level audits is an audit of our Private Fee-For Service business which we used to represent a proxy of the FFS Adjuster which has not yet been finalized. We based our accrual of estimated audit settlements for each contract year on the results of these internal contract level audits and update our estimates as each audit is completed. Estimates derived from these results were not material to our results of operations, financial position, or cash flows. We report the results of these internal contract level audits to CMS, including identified overpayments, if any.

On October 26, 2018, CMS issued a proposed rule and accompanying materials (which we refer to as the "Proposed Rule") related to, among other things, the RADV audit methodology described above. If implemented, the Proposed Rule would use extrapolation in RADV audits applicable to payment year 2011 contract-level audits and all subsequent audits, without the application of a FFS Adjuster to audit findings. We believe that the Proposed Rule fails to address adequately the statutory requirement of actuarial equivalence, and have provided substantive comments to CMS on the Proposed Rule as part of the notice-and-comment rulemaking process. Whether, and to what extent, CMS finalizes the Proposed Rule, and any related regulatory, industry or company reactions, could have a material adverse effect on our results of operations, financial position, or cash flows.

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In addition, as part of our internal compliance efforts, we routinely perform ordinary course reviews of our internal business processes related to, among other things, our risk coding and data submissions in connection with the risk adjustment model. These reviews may also result in the identification of errors and the submission of corrections to CMS, that may, either individually or in the aggregate, be material. As such, the result of these reviews may have a material adverse effect on our results of operations, financial position, or cash flows.

We will continue to work with CMS to ensure that MA plans are paid accurately and that payment model principles are in accordance with the requirements of the Social Security Act, which, if not implemented correctly could have a material adverse effect on our results of operations, financial position, or cash flows.

Our state-based Medicaid business, which accounted for approximately 6% of our total premiums and services revenue for the nine months ended September 30, 2021 primarily consisted of serving members enrolled in Medicaid, and in certain circumstances members who qualify for both Medicaid and Medicare, under contracts with various states.

At September 30, 2021, our military services business, which accounted for approximately 1% of our total premiums and services revenue for the nine months ended September 30, 2021, primarily consisted of the TRICARE T2017 East Region contract. The T2017 East Region contract comprising 32 states and approximately 6 million TRICARE beneficiaries, under which delivery of health care services commenced on January 1, 2018. The T2017 East Region contract is a 5-year contract set to expire on December 31, 2022 and is subject to renewals on January 1 of each year during its term at the government's option.

The loss of any of the contracts above or significant changes in these programs as a result of legislative or regulatory action, including reductions in premium payments to us, regulatory restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage profitability to our non-Medicare Advantage business profitability, or compare the profitability of various products within our Medicare Advantage business, and require that they remain within certain ranges of each other, or increases in member benefits or member eligibility criteria without corresponding increases in premium payments to us, may have a material adverse effect on our results of operations, financial position, and cash flows.

Legal Proceedings and Certain Regulatory Matters

As previously disclosed, the Civil Division of the United States Department of Justice provided us with an information request in December 2014, concerning our Medicare Part C risk adjustment practices. The request relates to our oversight and submission of risk adjustment data generated by providers in our Medicare Advantage network, as well as to our business and compliance practices related to risk adjustment data generated by our providers and by us, including medical record reviews conducted as part of our data and payment accuracy compliance efforts, the use of health and well-being assessments, and our fraud detection efforts. We believe that this request for information is in connection with a wider review of Medicare Risk Adjustment generally that includes a number of Medicare Advantage plans, providers and vendors. We continue to cooperate with the Department of Justice. These matters are expected to result in additional qui tam litigation.

As previously disclosed, on January 19, 2016, an individual filed a qui tam suit captioned United States of America ex rel. Steven Scott v. Humana, Inc., in United States District Court, Central District of California, Western Division. The complaint alleges certain civil violations by us in connection with the actuarial equivalence of the plan benefits under Humana's Basic PDP plan, a prescription drug plan offered by us under Medicare Part D. The action seeks damages and penalties on behalf of the United States under the False Claims Act. The court ordered the qui tam action unsealed on September 13, 2017, so that the relator could proceed, following notice from the U.S. Government that it was not intervening at that time. On January 29, 2018, the suit was transferred to the United States District Court, Western District of Kentucky, Louisville Division. We take seriously our obligations to comply with applicable CMS requirements and actuarial standards of practice, and continue to vigorously defend against these allegations since the transfer to the Western District of Kentucky. We have substantially completed discovery with the relator who has pursued the matter on behalf of the United States following its unsealing, and expect the Court to consider our motion for summary judgment.

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Other Lawsuits and Regulatory Matters

Our current and past business practices are subject to review or other investigations by various state insurance and health care regulatory authorities and other state and federal regulatory authorities. These authorities regularly scrutinize the business practices of health insurance, health care delivery and benefits companies. These reviews focus on numerous facets of our business, including claims payment practices, statutory capital requirements, provider contracting, risk adjustment, competitive practices, commission payments, privacy issues, utilization management practices, pharmacy benefits, access to care, and sales practices, among others. Some of these reviews have historically resulted in fines imposed on us and some have required changes to some of our practices. We continue to be subject to these reviews, which could result in additional fines or other sanctions being imposed on us or additional changes in some of our practices.

We also are involved in various other lawsuits that arise, for the most part, in the ordinary course of our business operations, certain of which may be styled as class-action lawsuits. Among other matters, this litigation may include employment matters, claims of medical malpractice, bad faith, nonacceptance or termination of providers, anticompetitive practices, improper rate setting, provider contract rate and payment disputes, including disputes over reimbursement rates required by statute, disputes arising from competitive procurement process, general contractual matters, intellectual property matters, and challenges to subrogation practices. Under state guaranty assessment laws, including those related to state cooperative failures in the industry, we may be assessed (up to prescribed limits) for certain obligations to the policyholders and claimants of insolvent insurance companies that write the same line or lines of business as we do.

As a government contractor, we may also be subject to false claims litigation, such as qui tam lawsuits brought by individuals who seek to sue on behalf of the government, alleging that the government contractor submitted false claims to the government or related overpayments from the government, including, among other allegations, those resulting from coding and review practices under the Medicare risk adjustment model. Qui tam litigation is filed under seal to allow the government an opportunity to investigate and to decide if it wishes to intervene and assume control of the litigation. If the government does not intervene, the individual may continue to prosecute the action on his or her own, on behalf of the government. We also are subject to other allegations of nonperformance of contractual obligations to providers, members, and others, including failure to properly pay claims, improper policy terminations, challenges to our implementation of the Medicare Part D prescription drug program and other litigation.

A limited number of the claims asserted against us are subject to insurance coverage. Personal injury claims, claims for extra contractual damages, care delivery malpractice, and claims arising from medical benefit denials are covered by insurance from our wholly owned captive insurance subsidiary and excess carriers, except to the extent that claimants seek punitive damages, which may not be covered by insurance in certain states in which insurance coverage for punitive damages is not permitted. In addition, insurance coverage for all or certain forms of liability has become increasingly costly and may become unavailable or prohibitively expensive in the future.

We record accruals for the contingencies discussed in the sections above to the extent that we conclude it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made at this time regarding the matters specifically described above because of the inherently unpredictable nature of legal proceedings, which also may be exacerbated by various factors, including: (i) the damages sought in the proceedings are unsubstantiated or indeterminate; (ii) discovery is not complete; (iii) the proceeding is in its early stages; (iv) the matters present legal uncertainties; (v) there are significant facts in dispute; (vi) there are a large number of parties (including where it is uncertain how liability, if any, will be shared among multiple defendants); or (vii) there is a wide range of potential outcomes.

The outcome of any current or future litigation or governmental or internal investigations, including the matters described above, cannot be accurately predicted, nor can we predict any resulting judgments, penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities or as a result of actions by third parties. Nevertheless, it is reasonably possible that any such outcome of litigation, judgments, penalties, fines

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or other sanctions could be substantial, and the outcome of these matters may have a material adverse effect on our results of operations, financial position, and cash flows, and may also affect our reputation.

14. SEGMENT INFORMATION

We manage our business with three reportable segments: Retail, Group and Specialty, and Healthcare Services. The reportable segments are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers, as described below. These segment groupings are consistent with information used by our Chief Executive Officer, the Chief Operating Decision Maker, to assess performance and allocate resources.

The Retail segment consists of Medicare benefits, marketed to individuals or directly via group Medicare accounts. In addition, the Retail segment also includes our contract with CMS to administer the Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program and contracts with various states to provide Medicaid, dual eligible, and Long-Term Support Services benefits, which we refer to collectively as our state-based contracts. The Group and Specialty segment consists of employer group commercial fully-insured medical and specialty health insurance benefits marketed to individuals and employer groups, including dental, vision, and other supplemental health benefits, as well as administrative services only, or ASO products. In addition, our Group and Specialty segment includes our military services business, primarily our TRICARE T2017 East Region contract. The Healthcare Services segment includes services offered to our health plan members as well as to third parties, including pharmacy solutions, provider services, and home solutions services, such as home health and other services and capabilities to promote wellness and advance population health, including our non-consolidating minority investment in the strategic partnership with WCAS to develop and operate senior-focused, payor-agnostic, primary care centers. Our home solutions business now includes Kindred at Home.

Our Healthcare Services intersegment revenues primarily relate to managing prescription drug coverage for members of our other segments through Humana Pharmacy Solutions®, or HPS, and includes the operations of Humana Pharmacy, Inc., our mail order pharmacy business. These revenues consist of the prescription price (ingredient cost plus dispensing fee), including the portion to be settled with the member (co-share) or with the government (subsidies), plus any associated administrative fees. Services revenues related to the distribution of prescriptions by third party retail pharmacies in our networks are recognized when the claim is processed and product revenues from dispensing prescriptions from our mail order pharmacies are recorded when the prescription or product is shipped. Our pharmacy operations, which are responsible for designing pharmacy benefits, including defining member co-share responsibilities, determining formulary listings, contracting with retail pharmacies, confirming member eligibility, reviewing drug utilization, and processing claims, act as a principal in the arrangement on behalf of members in our other segments. As principal, our Healthcare Services segment reports revenues on a gross basis, including co-share amounts from members collected by third party retail pharmacies at the point of service.

In addition, our Healthcare Services intersegment revenues include revenues earned by certain owned providers derived from risk-based and non-risk-based managed care agreements with our health plans. Under risk based agreements, the provider receives a monthly capitated fee that varies depending on the demographics and health status of the member, for each member assigned to these owned providers by our health plans. The owned provider assumes the economic risk of funding the assigned members' healthcare services. Under non risk-based agreements, our health plans retain the economic risk of funding the assigned members' healthcare services. Our Healthcare Services segment reports provider services revenues associated with risk-based agreements on a gross basis, whereby capitation fee revenue is recognized in the period in which the assigned members are entitled to receive healthcare services. Provider services revenues associated with non-risk-based agreements are presented net of associated healthcare costs.

We present our condensed consolidated results of operations from the perspective of the health plans. As a result, the cost of providing benefits to our members, whether provided via a third party provider or internally through a stand-alone subsidiary, is classified as benefits expense and excludes the portion of the cost for which the health plans do not bear responsibility, including member co-share amounts and government subsidies of \$5.0 billion and \$4.4 billion for the three months ended September 30, 2021 and 2020, respectively. For the nine

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months ended September 30, 2021 and 2020 these amounts were \$12.9 billion and \$11.9 billion, respectively. In addition, depreciation and amortization expense associated with certain businesses in our Healthcare Services segment delivering benefits to our members, primarily associated with our provider services and pharmacy operations, are included with benefits expense. The amount of this expense was \$28 million and \$33 million for the three months ended September 30, 2021 and 2020, respectively. For the nine months ended September 30, 2021 and 2020, the amount of this expense was \$80 million and \$94 million, respectively.

Other than those described previously, the accounting policies of each segment are the same and are described in Note 2 to the consolidated financial statements included in our 2020 Form 10-K. Transactions between reportable segments primarily consist of sales of services rendered by our Healthcare Services segment, primarily pharmacy, provider, and home solutions services, to our Retail and Group and Specialty segment customers. Intersegment sales and expenses are recorded at fair value and eliminated in consolidation. Members served by our segments often use the same provider networks, enabling us in some instances to obtain more favorable contract terms with providers. Our segments also share indirect costs and assets. As a result, the profitability of each segment is interdependent. We allocate most operating expenses to our segments. Assets and certain corporate income and expenses are not allocated to the segments, including the portion of investment income not supporting segment operations, interest expense on corporate debt, and certain other corporate expenses. These items are managed at a corporate level. These corporate amounts are reported separately from our reportable segments and are included with intersegment eliminations in the tables presenting segment results below.

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Our segment results were as follows for the three and nine months ended September 30, 2021 and 2020:

	Retail	Group and Specialty	Healthcare Services	Eliminations/ Corporate	Consolidated
Three months ended September 30, 2021	(in millions)				
External revenues					
Premiums:					
Individual Medicare Advantage	\$ 14,642	\$ —	\$ —	\$ —	\$ 14,642
Group Medicare Advantage	1,737	—	—	—	1,737
Medicare stand-alone PDP	541	—	—	—	541
Total Medicare	16,920	—	—	—	16,920
Fully-insured	185	1,052	—	—	1,237
Specialty	—	432	—	—	432
Medicaid and other	1,296	—	—	—	1,296
Total premiums	18,401	1,484	—	—	19,885
Services revenue:					
Home solutions	—	—	374	—	374
Provider	—	—	110	—	110
ASO and other	—	198	—	—	198
Pharmacy	—	—	163	—	163
Total services revenue	—	198	647	—	845
Total external revenues	18,401	1,682	647	—	20,730
Intersegment revenues					
Services	1	10	5,087	(5,098)	—
Products	—	—	2,303	(2,303)	—
Total intersegment revenues	1	10	7,390	(7,401)	—
Investment income (loss)	38	3	1	(75)	(33)
Total revenues	18,440	1,695	8,038	(7,476)	20,697
Operating expenses:					
Benefits	16,207	1,282	—	(173)	17,316
Operating costs	1,669	421	7,634	(7,121)	2,603
Depreciation and amortization	108	20	46	(24)	150
Total operating expenses	17,984	1,723	7,680	(7,318)	20,069
Income (loss) from operations	456	(28)	358	(158)	628
Interest expense	—	—	—	88	88
Other income, net	—	—	—	(1,096)	(1,096)
Income (loss) before income taxes and equity in net earnings	456	(28)	358	850	1,636
Equity in net earnings	—	—	15	—	15
Segment earnings (loss)	\$ 456	\$ (28)	\$ 373	\$ 850	\$ 1,651
Less: noncontrolling interests	—	—	—	—	—
Segment earnings (loss) attributable to Humana	\$ 456	\$ (28)	\$ 373	\$ 850	\$ 1,651

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	Retail	Group and Specialty	Healthcare Services	Eliminations/ Corporate	Consolidated
Three months ended September 30, 2020					
(in millions)					
External revenues					
Premiums:					
Individual Medicare Advantage	\$ 12,949	\$ —	\$ —	\$ —	\$ 12,949
Group Medicare Advantage	1,880	—	—	—	1,880
Medicare stand-alone PDP	622	—	—	—	622
Total Medicare	15,451	—	—	—	15,451
Fully-insured	177	1,169	—	602	1,948
Specialty	—	424	—	—	424
Medicaid and other	1,081	—	—	—	1,081
Total premiums	16,709	1,593	—	602	18,904
Services revenue:					
Home solutions	—	—	26	—	26
Provider	—	—	81	—	81
ASO and other	4	189	—	—	193
Pharmacy	—	—	157	—	157
Total services revenue	4	189	264	—	457
Total external revenues	16,713	1,782	264	602	19,361
Intersegment revenues					
Services	—	9	4,852	(4,861)	—
Products	—	—	2,013	(2,013)	—
Total intersegment revenues	—	9	6,865	(6,874)	—
Investment income	28	3	2	681	714
Total revenues	16,741	1,794	7,131	(5,591)	20,075
Operating expenses:					
Benefits	14,224	1,481	—	(94)	15,611
Operating costs	1,877	452	6,871	(6,687)	2,513
Depreciation and amortization	87	21	46	(26)	128
Total operating expenses	16,188	1,954	6,917	(6,807)	18,252
Income (loss) from operations	553	(160)	214	1,216	1,823
Interest expense	—	—	—	75	75
Other income, net	—	—	—	(7)	(7)
Income (loss) before income taxes and equity in net earnings	553	(160)	214	1,148	1,755
Equity in net earnings	—	—	35	—	35
Segment earnings (loss)	\$ 553	\$ (160)	\$ 249	\$ 1,148	\$ 1,790
Less: noncontrolling interests	—	—	—	—	—
Segment earnings (loss) attributable to Humana	\$ 553	\$ (160)	\$ 249	\$ 1,148	\$ 1,790

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Nine months ended September 30, 2021	Retail	Group and Specialty	Healthcare Services	Eliminations/ Corporate	Consolidated
	(in millions)				
External revenues					
Premiums:					
Individual Medicare Advantage	\$ 44,042	\$ —	\$ —	\$ —	\$ 44,042
Group Medicare Advantage	5,267	—	—	—	5,267
Medicare stand-alone PDP	1,867	—	—	—	1,867
Total Medicare	51,176	—	—	—	51,176
Fully-insured	545	3,229	—	—	3,774
Specialty	—	1,298	—	—	1,298
Medicaid and other	3,739	—	—	—	3,739
Total premiums	55,460	4,527	—	—	59,987
Services revenue:					
Home solutions	—	—	423	—	423
Provider	—	—	298	—	298
ASO and other	17	582	—	—	599
Pharmacy	—	—	482	—	482
Total services revenue	17	582	1,203	—	1,802
Total external revenues	55,477	5,109	1,203	—	61,789
Intersegment revenues					
Services	1	30	14,838	(14,869)	—
Products	—	—	6,716	(6,716)	—
Total intersegment revenues	1	30	21,554	(21,585)	—
Investment income	155	11	3	52	221
Total revenues	55,633	5,150	22,760	(21,533)	62,010
Operating expenses:					
Benefits	48,574	3,674	—	(487)	51,761
Operating costs	4,653	1,227	21,749	(20,903)	6,726
Depreciation and amortization	320	63	127	(74)	436
Total operating expenses	53,547	4,964	21,876	(21,464)	58,923
Income (loss) from operations	2,086	186	884	(69)	3,087
Interest expense	—	—	—	235	235
Other income, net	—	—	—	(562)	(562)
Income before income taxes and equity in net earnings	2,086	186	884	258	3,414
Equity in net earnings	—	—	69	—	69
Segment earnings	\$ 2,086	\$ 186	\$ 953	\$ 258	\$ 3,483
Less: noncontrolling interests	—	—	—	—	—
Segment earnings attributable to Humana	\$ 2,086	\$ 186	\$ 953	\$ 258	\$ 3,483

Humana Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

	Retail	Group and Specialty	Healthcare Services	Eliminations/ Corporate	Consolidated
Nine months ended September 30, 2020					
(in millions)					
External Revenues					
Premiums:					
Individual Medicare Advantage	\$ 38,748	\$ —	\$ —	\$ —	\$ 38,748
Group Medicare Advantage	5,867	—	—	—	5,867
Medicare stand-alone PDP	2,108	—	—	—	2,108
Total Medicare	<u>46,723</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>46,723</u>
Fully-insured	509	3,606	—	602	4,717
Specialty	—	1,278	—	—	1,278
Medicaid and other	3,104	—	—	—	3,104
Total premiums	<u>50,336</u>	<u>4,884</u>	<u>—</u>	<u>602</u>	<u>55,822</u>
Services revenue:					
Home solutions	—	—	80	—	80
Provider	—	—	236	—	236
ASO and other	14	576	—	—	590
Pharmacy	—	—	425	—	425
Total services revenue	<u>14</u>	<u>576</u>	<u>741</u>	<u>—</u>	<u>1,331</u>
Total external revenues	<u>50,350</u>	<u>5,460</u>	<u>741</u>	<u>602</u>	<u>57,153</u>
Intersegment revenues					
Services	—	22	14,514	(14,536)	—
Products	—	—	5,900	(5,900)	—
Total intersegment revenues	<u>—</u>	<u>22</u>	<u>20,414</u>	<u>(20,436)</u>	<u>—</u>
Investment income	114	12	2	812	940
Total revenues	<u>50,464</u>	<u>5,494</u>	<u>21,157</u>	<u>(19,022)</u>	<u>58,093</u>
Operating expenses:					
Benefits	41,939	3,886	—	(410)	45,415
Operating costs	5,047	1,316	20,274	(19,653)	6,984
Depreciation and amortization	251	60	135	(84)	362
Total operating expenses	<u>47,237</u>	<u>5,262</u>	<u>20,409</u>	<u>(20,147)</u>	<u>52,761</u>
Income from operations	3,227	232	748	1,125	5,332
Interest expense	—	—	—	211	211
Other expense, net	—	—	—	63	63
Income before income taxes and equity in net earnings	3,227	232	748	851	5,058
Equity in net earnings	—	—	68	—	68
Segment earnings	<u>\$ 3,227</u>	<u>\$ 232</u>	<u>\$ 816</u>	<u>\$ 851</u>	<u>\$ 5,126</u>
Less: noncontrolling interests	—	—	—	—	—
Segment earnings attributable to Humana	<u>\$ 3,227</u>	<u>\$ 232</u>	<u>\$ 816</u>	<u>\$ 851</u>	<u>\$ 5,126</u>

Humana Inc.**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The condensed consolidated financial statements of Humana Inc. in this document present the Company's financial position, results of operations and cash flows, and should be read in conjunction with the following discussion and analysis. References to "we," "us," "our," "Company," and "Humana" mean Humana Inc. and its subsidiaries. This discussion includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in filings with the Securities and Exchange Commission, or SEC, in our press releases, investor presentations, and in oral statements made by or with the approval of one of our executive officers, the words or phrases like "believes," "expects," "anticipates," "intends," "likely will result," "estimates," "projects" or variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions, including, among other things, information set forth in Item 1A. – Risk Factors in our 2020 Form 10-K, as modified by any changes to those risk factors included in this document and in other reports we filed subsequent to February 18, 2021, in each case incorporated by reference herein. In making these statements, we are not undertaking to address or update such forward-looking statements in future filings or communications regarding our business or results. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. There may also 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.

Executive Overview**General**

Humana Inc., headquartered in Louisville, Kentucky, is a leading health and well-being company committed to helping our millions of medical and specialty members achieve their best health. Our successful history in care delivery and health plan administration is helping us create a new kind of integrated care with the power to improve health and well being and lower costs. Our efforts are leading to a better quality of life for people with Medicare, families, individuals, military service personnel, and communities at large. To accomplish that, we support physicians and other health care professionals as they work to deliver the right care in the right place for their patients, our members. Our range of clinical capabilities, resources and tools, such as in home care, behavioral health, pharmacy services, data analytics and wellness solutions, combine to produce a simplified experience that makes health care easier to navigate and more effective.

Our industry relies on two key statistics to measure performance. The benefit ratio, which is computed by taking total benefits expense as a percentage of premiums revenue, represents a statistic used to measure underwriting profitability. The operating cost ratio, which is computed by taking total operating costs, excluding depreciation and amortization, as a percentage of total revenue less investment income, represents a statistic used to measure administrative spending efficiency.

Kindred at Home Acquisition

On August 17, 2021, we acquired the remaining 60% interest in Kindred at Home, or KAH, the nation's largest home health and hospice provider, from TPG Capital, or TPG, and Welsh, Carson, Anderson & Stowe, or WCAS, two private equity funds, or the Sponsors, for an enterprise value of \$8.2 billion, which includes our equity value of \$2.4 billion associated with our 40% minority ownership interest. The remeasurement to fair value of our previously held 40% equity method investment with a carrying value of approximately \$1.3 billion, resulted in a \$1.1 billion gain recognized in "Other (income) expense, net". KAH has locations in 40 states, providing extensive geographic coverage with approximately 65% overlap with our individual Medicare Advantage membership. We paid the approximate \$5.8 billion transaction price (net of our existing equity stake) through a combination of debt financing, the assumption of existing KAH indebtedness and parent company cash.

COVID-19

The emergence and spread of the novel coronavirus, or COVID-19, beginning in the first quarter of 2020 has impacted our business. During periods of increased incidences of COVID-19, non-essential care from a reduction in

non-COVID-19 hospital admissions and lower overall healthcare system consumption decreased utilization. Likewise COVID-19 treatment and testing cost increased utilization. The significant disruption in utilization during 2020 also impacted our ability to implement clinical initiatives to manage health care costs and chronic conditions of our members, and appropriately document their risk profiles, and, as such, is significantly affecting our 2021 revenue under the risk adjustment payment model for Medicare Advantage plans.

Business Segments

We manage our business with three reportable segments: Retail, Group and Specialty, and Healthcare Services. The reportable segments are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers, as described below. These segment groupings are consistent with information used by our Chief Executive Officer, the Chief Operating Decision Maker, to assess performance and allocate resources.

The Retail segment consists of Medicare benefits, marketed to individuals or directly via group Medicare accounts. In addition, the Retail segment also includes our contract with CMS to administer the Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program and contracts with various states to provide Medicaid, dual eligible, and Long-Term Support Services benefits, which we refer to collectively as our state-based contracts. The Group and Specialty segment consists of employer group commercial fully-insured medical and specialty health insurance benefits marketed to individuals and employer groups, including dental, vision, and other supplemental health benefits, as well as administrative services only, or ASO products. In addition, our Group and Specialty segment includes our military services business, primarily our TRICARE T2017 East Region contract. The Healthcare Services segment includes services offered to our health plan members as well as to third parties, including pharmacy solutions, provider services, and home solutions services, such as home health and other services and capabilities to promote wellness and advance population health, including our non-consolidating minority investment in the strategic partnership with WCAS to develop and operate senior-focused, payor-agnostic, primary care centers. Our home solutions business now includes Kindred at Home.

The results of each segment are measured by segment earnings, and for our Healthcare Services Segment, also include equity in net earnings from our equity method investees. Transactions between reportable segments primarily consist of sales of services rendered by our Healthcare Services segment, primarily pharmacy, provider, and home solutions services, to our Retail and Group and Specialty segment customers. Intersegment sales and expenses are recorded at fair value and eliminated in consolidation. Members served by our segments often use the same provider networks, enabling us in some instances to obtain more favorable contract terms with providers. Our segments also share indirect costs and assets. As a result, the profitability of each segment is interdependent. We allocate most operating expenses to our segments. Assets and certain corporate income and expenses are not allocated to the segments, including the portion of investment income not supporting segment operations, interest expense on corporate debt, and certain other corporate expenses. These items are managed at a corporate level. These corporate amounts are reported separately from our reportable segments and are included with intersegment eliminations.

Seasonality

COVID-19 disrupted the pattern of our quarterly earnings and operating cash flows largely due to the temporary deferral of non-essential care which resulted in reductions in non-COVID-19 hospital admissions and lower overall healthcare system utilization during higher levels of COVID-19 hospital admissions. Likewise, during periods of increased incidences of COVID-19, COVID-19 treatment and testing costs increase. Similar impacts and seasonal disruptions from either higher or lower utilization are expected to persist as we respond to and recover from the COVID-19 global health crisis.

One of the product offerings of our Retail segment is Medicare stand-alone prescription drug plans, or PDPs, under the Medicare Part D program. Our quarterly Retail segment earnings and operating cash flows are impacted by the Medicare Part D benefit design and changes in the composition of our membership. The Medicare Part D benefit design results in coverage that varies as a member's cumulative out-of-pocket costs pass through successive

stages of a member's plan period, which begins annually on January 1 for renewals. These plan designs generally result in us sharing a greater portion of the responsibility for total prescription drug costs in the early stages and less in the latter stages. As a result, the PDP benefit ratio generally decreases as the year progresses. In addition, the number of low income senior members as well as year-over-year changes in the mix of membership in our standalone PDP products affects the quarterly benefit ratio pattern.

In addition, the Retail segment also experiences seasonality in the operating cost ratio as a result of costs incurred in the second half of the year associated with the Medicare marketing season.

Our Group and Specialty segment also experiences seasonality in the benefit ratio pattern. However, the effect is opposite of Medicare stand-alone PDP in the Retail segment, with the Group and Specialty segment's benefit ratio increasing as fully-insured members progress through their annual deductible and maximum out-of-pocket expenses.

2021 Highlights

- Our strategy offers our members affordable health care combined with a positive consumer experience in growing markets. At the core of this strategy is our integrated care delivery model, which unites quality care, high member engagement, and sophisticated data analytics. Our approach to primary, physician-directed care for our members aims to provide quality care that is consistent, integrated, cost-effective, and member-focused, provided by both employed physicians and physicians with network contract arrangements. The model is designed to improve health outcomes and affordability for individuals and for the health system as a whole, while offering our members a simple, seamless healthcare experience. We believe this strategy is positioning us for long-term growth in both membership and earnings. We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. At September 30, 2021, approximately 2,979,800 members, or 68%, of our individual Medicare Advantage members were in value-based relationships under our integrated care delivery model, as compared to 2,605,900 members, or 66%, at September 30, 2020. Medicare Advantage and dual demonstration program membership enrolled in a Humana care management program was 963,500 at September 30, 2021, an increase of 5.0% from 917,200 at September 30, 2020. These members may not be unique to each program since members have the ability to enroll in multiple programs. The increase is primarily driven by growth in Special Needs Plans, or SNP, membership, partially offset by improved predictive modeling leading to a reduction in members being managed by legacy care management programs.
- Net income was \$1.5 billion, or \$11.84 per diluted common share, and \$1.3 billion, or \$10.05, for the three months ended September 30, 2021, and 2020, respectively. Net income was \$2.9 billion, or \$22.77 per diluted common share, and \$3.6 billion, or \$27.37 per diluted common share for the nine months ended September 30, 2021, and 2020, respectively. These comparisons were significantly impacted by the gain on our equity method investment in Kindred at Home upon completion of our acquisition of the business, put/call valuation adjustments associated with certain equity method investments, the change in the fair value of publicly-traded equity securities, transaction and integration costs associated with the Kindred at Home acquisition, and the receipt of unpaid risk corridor payments in the third quarter of 2020 that were previously written off. The put/call valuation adjustments included the impact of the termination of the put/call agreement related to Kindred at Home as a result of the transaction announced on April 27, 2021. The impact of these adjustments to our consolidated income before income taxes and equity in net earnings and diluted earnings per common share was as follows for the 2021 quarter and period.

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Consolidated income before income taxes and equity in net earnings:				
Gain on Kindred at Home equity method investment	\$ 1,129	\$ —	\$ 1,129	\$ —
Change in the fair value of publicly-traded equity securities	(174)	643	(197)	643
Receipt of commercial risk corridor receivables previously written off, net	—	578	—	578
Put/call valuation adjustments	(33)	7	(567)	(63)
Transaction and integration costs associated with Kindred at Home acquisition	(71)	—	(93)	—
Total	<u>\$ 851</u>	<u>\$ 1,228</u>	<u>\$ 272</u>	<u>\$ 1,158</u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Diluted earnings per common share:				
Gain on Kindred at Home equity method investment	\$ 8.74	\$ —	\$ 8.73	\$ —
Change in the fair value of publicly-traded equity securities	(1.04)	3.72	(1.18)	3.73
Receipt of commercial risk corridor receivables previously written off, net	—	3.35	—	3.35
Put/call valuation adjustments	(0.20)	0.03	(3.38)	(0.37)
Transaction and integration costs associated with Kindred at Home acquisition	(0.39)	—	(0.52)	—
Total	<u>\$ 7.11</u>	<u>\$ 7.10</u>	<u>\$ 3.65</u>	<u>\$ 6.71</u>

Excluding these adjustments, comparisons of our results of operations were materially impacted by the significant, temporary deferral of care in 2020 resulting from stay-at-home orders, physical distancing measures, and other restrictions implemented to reduce the spread of COVID-19, as well as the impact of COVID-19 testing and treatment costs, which on a net basis significantly and favorably impacted the 2020 results, in particular to the second quarter of 2020, when compared to the 2021 period results. In addition, the third quarter of 2021 reflects the impact of lower COVID-19 related administrative costs in 2021 compared to 2020. Administrative costs in 2020 included costs associated with personal protective equipment, member response effort, the build-out of infrastructure necessary to support employees working remotely and charitable contribution cost to support the communities served by us.

In addition, our results of operations for 2021 were favorably impacted by individual Medicare Advantage and state-based contract membership growth and improved operating performance in our Healthcare Services segment, including the consolidation of Kindred at Home operations upon completion of the acquisition of the remaining 60% interest in Kindred at Home in August 2021. Further, 2021 was also favorably impacted by the lower tax rate resulting from the termination of the non-deductible health insurance industry fee in 2021, as well as a lower number of shares used to compute dilutive earnings per common share, primarily reflecting share repurchases.

Health Care Reform

The Health Care Reform Law enacted significant reforms to various aspects of the U.S. health insurance industry. Certain significant provisions of the Health Care Reform Law include, among others, mandated coverage requirements, mandated benefits and guarantee issuance associated with commercial medical insurance, rebates to policyholders based on minimum benefit ratios, adjustments to Medicare Advantage premiums, the establishment of federally facilitated or state-based exchanges coupled with programs designed to spread risk among insurers, and the introduction of plan designs based on set actuarial values. In addition, the Health Care Reform Law established insurance industry assessments, including an annual health insurance industry fee. The annual health insurance industry fee, which was not deductible for income tax purposes and significantly increased our effective tax rate, was in effect for 2020, but was permanently repealed beginning in calendar year 2021.

It is reasonably possible that the Health Care Reform Law and related regulations, as well as other current or future legislative, judicial or regulatory changes such as the Families First Coronavirus Response Act (the "Families First Act"), the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and other legislative or regulatory action taken in response to COVID-19 including restrictions on our ability to manage our provider network or otherwise operate our business, or restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage profitability to our non-Medicare Advantage business profitability, or compare the profitability of various products within our Medicare Advantage business, and require that they remain within certain ranges of each other, increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, or increases in regulation of our prescription drug benefit businesses, in the aggregate may have a material adverse effect on our results of operations (including restricting revenue, enrollment and premium growth in certain products and market segments, restricting our ability to expand into new markets, increasing our medical and operating costs, further lowering our Medicare payment rates and increasing our expenses associated with assessments); our financial position (including our ability to maintain the value of our goodwill); and our cash flows.

We intend for the discussion of our financial condition and results of operations that follows to assist in the understanding of our financial statements and related changes in certain key items in those financial statements from year to year, including the primary factors that accounted for those changes. Transactions between reportable segments primarily consist of sales of services rendered by our Healthcare Services segment, primarily pharmacy, provider, and home solutions services, to our Retail and Group and Specialty segment customers and are described in Note 14 to the condensed consolidated financial statements included in this report.

Comparison of Results of Operations for 2021 and 2020

The following discussion primarily deals with our results of operations for the three months ended September 30, 2021, or the 2021 quarter, and the three months ended September 30, 2020, or the 2020 quarter, the nine months ended September 30, 2021, or the 2021 period, and the nine months ended September 30, 2020, or the 2020 period.

Consolidated

	For the three months ended September 30,		Change	
	2021	2020	Dollars	Percentage
(dollars in millions, except per common share results)				
Revenues:				
Premiums:				
Retail	\$ 18,401	\$ 16,709	\$ 1,692	10.1 %
Group and Specialty	1,484	1,593	(109)	(6.8)%
Corporate	—	602	(602)	(100.0)%
Total premiums	19,885	18,904	981	5.2 %
Services:				
Retail	—	4	(4)	(100.0)%
Group and Specialty	198	189	9	4.8 %
Healthcare Services	647	264	383	145.1 %
Total services	845	457	388	84.9 %
Investment (loss) income	(33)	714	(747)	(104.6)%
Total revenues	20,697	20,075	622	3.1 %
Operating expenses:				
Benefits	17,316	15,611	1,705	10.9 %
Operating costs	2,603	2,513	90	3.6 %
Depreciation and amortization	150	128	22	17.2 %
Total operating expenses	20,069	18,252	1,817	10.0 %
Income from operations	628	1,823	(1,195)	(65.6)%
Interest expense	88	75	13	17.3 %
Other income, net	(1,096)	(7)	1,089	15,557.1 %
Income before income taxes and equity in net earnings	1,636	1,755	(119)	(6.8)%
Provision for income taxes	120	450	(330)	(73.3)%
Equity in net earnings	15	35	(20)	(57.1)%
Net income	\$ 1,531	\$ 1,340	\$ 191	14.3 %
Diluted earnings per common share	\$ 11.84	\$ 10.05	\$ 1.79	17.8 %
Benefit ratio (a)	87.1 %	82.6 %		4.5 %
Operating cost ratio (b)	12.6 %	13.0 %		(0.4)%
Effective tax rate	7.2 %	25.2 %		(18.0)%

	For the nine months ended September 30,		Change	
	2021	2020	Dollars	Percentage
(dollars in millions, except per common share results)				
Revenues:				
Premiums:				
Retail	\$ 55,460	\$ 50,336	\$ 5,124	10.2 %
Group and Specialty	4,527	4,884	(357)	(7.3)%
Corporate	—	602	(602)	(100.0)%
Total premiums	59,987	55,822	4,165	7.5 %
Services:				
Retail	17	14	3	21.4 %
Group and Specialty	582	576	6	1.0 %
Healthcare Services	1,203	741	462	62.3 %
Total services	1,802	1,331	471	35.4 %
Investment income	221	940	(719)	(76.5)%
Total revenues	62,010	58,093	3,917	6.7 %
Operating expenses:				
Benefits	51,761	45,415	6,346	14.0 %
Operating costs	6,726	6,984	(258)	(3.7)%
Depreciation and amortization	436	362	74	20.4 %
Total operating expenses	58,923	52,761	6,162	11.7 %
Income from operations	3,087	5,332	(2,245)	(42.1)%
Interest expense	235	211	24	11.4 %
Other (income) expense, net	(562)	63	625	992.1 %
Income before income taxes and equity in net earnings	3,414	5,058	(1,644)	(32.5)%
Provision for income taxes	536	1,485	(949)	(63.9)%
Equity in net earnings	69	68	1	1.5 %
Net income	\$ 2,947	\$ 3,641	\$ (694)	(19.1)%
Diluted earnings per common share	\$ 22.77	\$ 27.37	\$ (4.60)	(16.8)%
Benefit ratio (a)	86.3 %	81.4 %		4.9 %
Operating cost ratio (b)	10.9 %	12.2 %		(1.3)%
Effective tax rate	15.4 %	29.0 %		(13.6)%

(a) Represents benefits expense as a percentage of premiums revenue.

(b) Represents operating costs as a percentage of total revenues less investment income.

Premiums Revenue

Consolidated premiums increased \$1.0 billion, or 5.2%, from \$18.9 billion in the 2020 quarter to \$19.9 billion in the 2021 quarter and increased \$4.2 billion, or 7.5%, from \$55.8 billion in the 2020 period to \$60.0 billion in the 2021 period. These increases were primarily due to individual Medicare Advantage and state-based contracts membership growth, as well as higher per member individual Medicare Advantage premiums as a result of the improving CMS benchmark rate for 2021, net of Medicare Risk Adjustment, or MRA, headwinds resulting from COVID-19 related utilization disruption in 2020. These increases were partially offset by declining stand-alone PDP, group commercial medical, and group Medicare Advantage membership. The comparison was further impacted by 2020 quarter impact of the receipt of commercial risk corridor receivables that were previously written off.

Services Revenue

Consolidated services revenue increased \$388 million, or 84.9%, from \$457 million in the 2020 quarter to \$845 million in the 2021 quarter and increased \$471 million, or 35.4%, from \$1.3 billion in the 2020 period to \$1.8 billion in the 2021 period. These increases were primarily due to higher home solutions revenues associated with our Kindred at Home acquisition.

Investment Income

Investment income decreased \$747 million, or 104.6%, from \$714 million in the 2020 quarter to a \$33 million loss in the 2021 quarter. Investment income decreased \$719 million, or 76.5%, from \$940 million in the 2020 period to \$221 million in the 2021 period. The decline in both the quarter and period primarily reflects a significant decrease in the fair value of our common stock investments.

Benefit Expense

Consolidated benefits expense increased \$1.7 billion, or 10.9%, from \$15.6 billion in the 2020 quarter to \$17.3 billion in the 2021 quarter and increased \$6.3 billion, or 14.0%, from \$45.4 billion in the 2020 period to \$51.8 billion in the 2021 period. The consolidated benefit ratio increased 450 basis points from 82.6% for the 2020 quarter to 87.1% for the 2021 quarter and increased 490 basis points from 81.4% for the 2020 period to 86.3% for the 2021 period. These increases reflect the 2020 quarter impact of the receipt of commercial risk corridor receivables that were previously written off, the termination in 2021 of the non-deductible health insurance industry fee which, along with a portion of the related tax benefit, was contemplated in the pricing and benefit design of our products, COVID-19 impacts, including the impact of the deferral of non-essential care, net of COVID-19 treatment and testing costs and our pandemic relief efforts in 2020, as well as 2021 MRA headwinds resulting from this COVID-19 related utilization disruption in 2020, and the impact in 2021 associated with the competitive nature of the group Medicare Advantage business, particularly in large group accounts that were recently procured, as well as in the stand-alone PDP business. These factors were partially offset by higher favorable prior-period medical claims reserve development in 2021.

The higher favorable prior-period medical claims reserve development was primarily attributable to the reversal of actions taken in 2020, including the suspension of certain financial recovery programs for a period of time. The suspension during 2020 was intended to provide financial and administrative relief for provider facing unprecedented strain as a result of the COVID-19 pandemic. The favorable prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 20 basis points in the 2021 quarter whereas the favorable prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 20 basis points in the 2020 quarter. The favorable prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 130 basis points in the 2021 period versus approximately 50 basis points in the 2020 period.

Operating Costs

Our segments incur both direct and shared indirect operating costs. We allocate the indirect costs shared by the segments primarily as a function of revenues. As a result, the profitability of each segment is interdependent.

Consolidated operating costs increased \$90 million, or 3.6%, from \$2.5 billion in the 2020 quarter to \$2.6 billion in the 2021 quarter and decreased \$258 million, or 3.7%, from \$7.0 billion in the 2020 period to \$6.7 billion in the 2021 period. The consolidated operating cost ratio decreased 40 basis points from 13.0% for the 2020 quarter to 12.6% for the 2021 quarter and decreased 130 basis points from 12.2% for the 2020 period to 10.9% for the 2021 period. These ratio decreases were primarily due to the termination of the non-deductible health insurance industry fee in 2021, lower COVID-19 related administrative costs in 2021 compared to 2020. Administrative costs in 2020 included costs associated with personal protective equipment, member response efforts, and the build-out of infrastructure necessary to support employees working remotely. These decreases were further impacted by scale efficiencies associated with growth in our Medicare Advantage membership and operating cost efficiencies in 2021 from previously implemented productivity initiatives. These factors were partially offset by the impact of Kindred at Home operations as the business has a significantly higher operating cost ratio than our historical consolidated operating cost ratio, continued strategic investments made to position us for long-term success, transaction and integration costs associated with the Kindred at Home transaction, and the 2020 quarter receipt of the commercial risk corridor receivables that were previously written off. The period decrease was further impacted by a \$200 million contribution to the Humana Foundation in the first half of 2020 to support communities served by the company, particularly those with social and health disparities. The non-deductible health insurance industry fee impacted the operating cost ratio by 150 basis points in the 2020 quarter and period.

Depreciation and Amortization

Depreciation and amortization increased \$22 million, or 17.2%, from \$128 million in the 2020 quarter to \$150 million in the 2021 quarter and increased \$74 million, or 20.4%, from \$362 million in the 2020 period to \$436 million in the 2021 period primarily due to capital expenditures.

Interest Expense

Interest expense increased \$13 million, or 17.3%, from \$75 million in the 2020 quarter to \$88 million in the 2021 quarter and increased \$24 million, or 11.4%, from \$211 million in the 2020 period to \$235 million in the 2021 period from borrowings to fund the KAH acquisition.

Income Taxes

The effective income tax rate was 7.2% and 25.2% for the three months ended September 30, 2021, and 2020, respectively and was 15.4% and 29.0% for the nine months ended September 30, 2021 and 2020, respectively. The decreases were primarily due to the non-taxable gain we recognized on our previously held Kindred at Home equity method investment from our acquisition of the remaining ownership interest in the business in August 2021 and the termination of the non-deductible health insurance industry fee in 2021.

Retail Segment

	September 30,		Change	
	2021	2020	Members	Percentage
Membership:				
Medical membership:				
Individual Medicare Advantage	4,397,300	3,935,100	462,200	11.7 %
Group Medicare Advantage	559,800	612,000	(52,200)	(8.5)%
Medicare stand-alone PDP	3,638,400	3,892,200	(253,800)	(6.5)%
Total Retail Medicare	8,595,500	8,439,300	156,200	1.9 %
State-based Medicaid and other	909,100	730,100	179,000	24.5 %
Medicare Supplement	332,000	331,300	700	0.2 %
Total Retail medical members	9,836,600	9,500,700	335,900	3.5 %

	For the three months ended September 30,		Change	
	2021	2020	Dollars	Percentage
(in millions)				
Premiums and Services Revenue:				
Premiums:				
Individual Medicare Advantage	\$ 14,642	\$ 12,949	\$ 1,693	13.1 %
Group Medicare Advantage	1,737	1,880	(143)	(7.6)%
Medicare stand-alone PDP	541	622	(81)	(13.0)%
Total Retail Medicare	16,920	15,451	1,469	9.5 %
State-based Medicaid and other	1,296	1,081	215	19.9 %
Medicare Supplement	185	177	8	4.5 %
Total premiums	18,401	16,709	1,692	10.1 %
Services	—	4	(4)	(100.0)%
Total premiums and services revenue	18,401	16,713	\$ 1,688	10.1 %
Segment earnings	\$ 456	\$ 553	\$ (97)	(17.5)%
Benefit ratio	88.1 %	85.1 %		3.0 %
Operating cost ratio	9.1 %	11.2 %		(2.1)%

	For the nine months ended September 30,		Change	
	2021	2020	Dollars	Percentage
	(in millions)			
Premiums and Services Revenue:				
Premiums:				
Individual Medicare Advantage	\$ 44,042	\$ 38,748	\$ 5,294	13.7 %
Group Medicare Advantage	5,267	5,867	(600)	(10.2)%
Medicare stand-alone PDP	1,867	2,108	(241)	(11.4)%
Total Retail Medicare	51,176	46,723	4,453	9.5 %
State-based Medicaid and other	3,739	3,104	635	20.5 %
Medicare Supplement	545	509	36	7.1 %
Total premiums	55,460	50,336	5,124	10.2 %
Services	17	14	3	21.4 %
Total premiums and services revenue	\$ 55,477	\$ 50,350	\$ 5,127	10.2 %
Segment earnings	\$ 2,086	\$ 3,227	\$ (1,141)	(35.4)%
Benefit ratio	87.6 %	83.3 %		4.3 %
Operating cost ratio	8.4 %	10.0 %		(1.6)%

Segment Earnings

- Retail segment earnings decreased \$97 million, or 17.5%, from \$553 million in the 2020 quarter to \$456 million in the 2021 quarter and decreased \$1.1 billion, or 35.4%, from \$3.2 billion in the 2020 period to \$2.1 billion in the 2021 period. These decreases primarily resulted from the same factors that led to the segment's higher benefit ratio, partially offset by the segment's lower operating cost ratio as more fully described below.

Enrollment

- Individual Medicare Advantage membership increased 462,200 members, or 11.7%, from September 30, 2020 to September 30, 2021, primarily due to membership additions associated with the previous Annual Election Period, or AEP, and Open Election Period, or OEP, for Medicare beneficiaries. The membership growth was further impacted by continued enrollment resulting from special elections, age-ins, and Dual Eligible Special Need Plans, or D-SNP, members. The OEP sales period, which ran from January 1 to March 31, 2021 added approximately 36,000 members compared to the 2020 OEP that added approximately 30,000 members. Individual Medicare Advantage membership includes 561,300 D-SNP members as of September 30, 2021, a net increase of 170,200, or 43.5%, from 391,100 as of September 30, 2020.
- Group Medicare Advantage membership decreased 52,200, or 8.5%, from September 30, 2020 to September 30, 2021, primarily due to the net loss of certain large accounts in January 2021, partially offset by continued growth in small group accounts.
- Medicare stand-alone PDP membership decreased 253,800 members, or 6.5%, from September 30, 2020 to September 30, 2021, primarily due to anticipated declines as a result of the Walmart Value plan no longer being the low cost leader in 2021.
- State-based Medicaid membership increased 179,000 members, or 24.5%, from September 30, 2020 to September 30, 2021, primarily reflecting additional enrollment as a result of the suspension of state eligibility redetermination efforts due to the currently enacted Public Health Emergency, as well as the recently completed acquisition in Wisconsin.

Premiums Revenue

- Retail segment premiums increased \$1.7 billion, or 10.1%, from \$16.7 billion in the 2020 quarter to \$18.4 billion in the 2021 quarter and increased \$5.1 billion, or 10.2%, from \$50.3 billion in the 2020 period to \$55.5 billion in the 2021 period. These increases were primarily due to higher premiums as a result of individual Medicare Advantage and state-based contracts membership growth and higher per member individual Medicare Advantage premiums as a result of the improving CMS benchmark rate for 2021, net of MRA headwinds resulting from COVID-19 related utilization disruption in 2020. These favorable items were partially offset by the decline in membership in our stand-alone PDP and group Medicare Advantage offerings. The 2021 period was further impacted by the Medicare sequestration relief in the first quarter of 2021 that was not enacted until the second quarter of 2020.

Benefits Expense

- The Retail segment benefit ratio increased 300 basis points from 85.1% for the 2020 quarter to 88.1% for the 2021 quarter and increased 430 basis points from 83.3% for the 2020 period to 87.6% for the 2021 period. These increases were primarily due to the termination in 2021 of the non-deductible health insurance industry fee which, along with a portion of the related tax benefit, which was contemplated in the pricing and benefit design of our products, COVID-19 impacts, including the impact of the deferral of non-essential care, net of COVID-19 treatment and testing costs and our pandemic relief efforts in 2020, as well as 2021 MRA headwinds resulting from this COVID-19 related utilization disruption in 2020, as well as the impact in 2021 associated with the competitive nature of the group Medicare Advantage business, particularly in large group accounts that were recently procured, as well as in the stand-alone PDP business. These factors were partially offset by higher favorable prior-period medical claims reserve development.
- The Retail segment's benefits expense for the 2021 quarter includes \$54 million in favorable prior-period medical claims reserve development versus \$30 million in favorable prior-period medical claims development in the 2020 quarter. For the 2021 period, the Retail segment's benefit expense includes the beneficial effect of \$673 million in favorable prior-period medical claims reserve development versus \$235 million in the 2020 period. Prior-period medical claims reserve development decreased the Retail segment's benefit ratio by approximately 30 basis points in the 2021 quarter and decreased the Retail segment's benefit ratio by approximately 20 basis points in the 2020 quarter. Favorable prior-period medical claims reserve development decreased the Retail segment benefit ratio by approximately 120 basis points in the 2021 period versus approximately 50 basis points in the 2020 period.

Operating Costs

- The Retail segment operating cost ratio decreased 210 basis points from 11.2% for the 2020 quarter to 9.1% for the 2021 quarter and decreased 160 basis points from 10.0% for the 2020 period to 8.4% for the 2021 period. These decreases were primarily due to the termination of the non-deductible health insurance industry fee in 2021, lower COVID-19 related administrative costs in the 2021 quarter, as previously discussed, scale efficiencies associated with growth in our individual Medicare Advantage membership, and operating cost efficiencies in the 2021 quarter driven by previously implemented productivity initiatives. These improvements were partially offset by continued strategic investments made to position us for long-term success. The non-deductible health insurance industry fee impacted the operating cost ratio by 160 basis points in the 2020 quarter and period.

Group and Specialty Segment

	September 30,		Change	
	2021	2020	Members	Percentage
Membership:				
Medical membership:				
Fully-insured commercial group	690,000	799,500	(109,500)	(13.7)%
ASO	496,500	502,100	(5,600)	(1.1)%
Military services	6,051,700	6,016,400	35,300	0.6 %
Total group medical members	7,238,200	7,318,000	(79,800)	(1.1)%
Specialty membership (a)	5,313,100	5,325,600	(12,500)	(0.2)%

(a) Specialty products include dental, vision, and other supplemental health. Members included in these products may not be unique to each product since members have the ability to enroll in multiple products.

	For the three months ended September 30,		Change	
	2021	2020	Dollars	Percentage
(in millions)				
Premiums and Services Revenue:				
Premiums:				
Fully-insured commercial group	\$ 1,052	\$ 1,169	\$ (117)	(10.0)%
Group specialty	432	424	8	1.9 %
Total premiums	1,484	1,593	(109)	(6.8)%
Services	198	189	9	4.8 %
Total premiums and services revenue	\$ 1,682	\$ 1,782	\$ (100)	(5.6)%
Segment loss	\$ (28)	\$ (160)	\$ 132	82.5 %
Benefit ratio	86.4 %	93.0 %		(6.6)%
Operating cost ratio	24.9 %	25.2 %		(0.3)%

	For the nine months ended September 30,		Change	
	2021	2020	Dollars	Percentage
(in millions)				
Premiums and Services Revenue:				
Premiums:				
Fully-insured commercial group	\$ 3,229	\$ 3,606	\$ (377)	(10.5)%
Group specialty	1,298	1,278	20	1.6 %
Total premiums	4,527	4,884	(357)	(7.3)%
Services	582	576	6	1.0 %
Total premiums and services revenue	\$ 5,109	\$ 5,460	\$ (351)	(6.4)%
Segment earnings	\$ 186	\$ 232	\$ (46)	(19.8)%
Benefit ratio	81.2 %	79.6 %		1.6 %
Operating cost ratio	23.9 %	24.0 %		(0.1)%

Segment Earnings

- Group and Specialty segment losses decreased \$132 million, or 82.5%, from a \$160 million loss in the 2020 quarter to a \$28 million loss in the 2021 quarter. The quarter over quarter improvement reflects the segments lower benefit and operating ratios as more fully described below. Segment earnings decreased \$46 million, or 19.8%, from \$232 million in the 2020 period to \$186 million in the 2021 period. The period over period decline reflects the same factors that resulted in a higher benefit ratio, partially offset by a decreased operating cost ratio, as more fully described below.

Enrollment

- Fully-insured commercial group medical membership decreased 109,500 members, or 13.7%, from September 30, 2020 to September 30, 2021 reflecting lower small group quoting activity and sales attributable to depressed economic activity from the COVID-19 pandemic, partially offset by higher retention of existing customers, particularly in larger groups. The portion of group fully-insured commercial medical membership in small group accounts was approximately 51% at September 30, 2021 and 56% at September 30, 2020.
- Group ASO commercial medical membership decreased 5,600 members, or 1.1%, from September 30, 2020 to September 30, 2021. Small group membership comprised 44% of group ASO medical membership at September 30, 2021 and 45% at September 30, 2020. The membership change reflects intensified competition for small group accounts, partially offset by strong retention among large group accounts.
- Military services membership increased 35,300 members, or 0.6%, from September 30, 2020 to September 30, 2021. Membership includes military service members, retirees, and their families to whom we are providing healthcare services under the current TRICARE East Region contract.
- Specialty membership decreased 12,500 members, or 0.2%, from September 30, 2020 to September 30, 2021 due primarily to the loss of dental and vision groups cross-sold with medical, as reflected in the loss of group fully-insured commercial medical membership described above. The decrease also reflects the impact of the economic downturn driven by the COVID-19 pandemic.

Premiums Revenue

- Group and Specialty segment premiums decreased \$109 million, or 6.8%, from \$1.6 billion in the 2020 quarter to \$1.5 billion in the 2021 quarter and decreased \$357 million, or 7.3%, from \$4.9 billion in the 2020 period to \$4.5 billion in the 2021 period. These decreases were primarily due to the decline in our fully-insured group commercial membership, partially offset by higher per member premiums across the fully-insured commercial business.

Services Revenue

- Group and Specialty segment services revenue increased \$9 million, or 4.8%, from \$189 million in the 2020 quarter to \$198 million in the 2021 quarter and increased \$6 million, or 1.0%, from \$576 million in the 2020 period to \$582 million in the 2021 period.

Benefits Expense

- The Group and Specialty segment benefit ratio decreased 660 basis points from 93.0% in the 2020 quarter to 86.4% in the 2021 quarter. The decrease reflects the negative impact on the 2020 quarter as a result of ongoing pandemic relief efforts, primarily surrounding initiatives to ease administrative and financial stress for providers and employers, including premium rate relief for select employer groups and the payment of monthly stipends to support dental providers. Comparisons were favorably impacted by the deliberate pricing and benefit design efforts for 2021 to increase profitability and position the commercial business for

long-term success and the impact of lower specialty utilization, primarily related to dental services. These favorable comparisons were partially offset by the termination in 2021 of the non-deductible health insurance industry fee in which, along with a portion of the related tax benefit, was contemplated in the pricing and benefit design of our products, and the impact of unfavorable prior-period medical claims reserve development in the 2021 quarter.

The Group and Specialty segment benefit ratio increased 160 basis points from 79.6% in the 2020 period to 81.2% in the 2021 period primarily due to the termination in 2021 of the non-deductible HIF which, along with a portion of the related tax benefit, was contemplated in the pricing and benefit design of our products and the significant impact of the deferral of non-essential care, primarily in the second quarter of 2020, net of COVID-19 treatment and testing cost and our pandemic relief efforts in the 2020 period. These unfavorable factors were partially offset by the impact of higher favorable prior period development in the 2021 period and the deliberate pricing and benefit design efforts for 2021 to increase profitability and position the commercial business for long-term success.

- The Group and Specialty segment's benefits expense included \$5 million in unfavorable prior-period medical claims reserve development in the 2021 quarter versus \$13 million in favorable prior-period medical claims reserve development in the 2020 quarter. This prior-period medical claims reserve development increased the Group and Specialty segment benefit ratio by approximately 30 basis points in the 2021 quarter but decreased the Group Specialty segment benefit ratio by approximately 80 basis points in the 2020 quarter. The Group and Specialty segment's benefits expense included the effect of a favorable prior-period medical claims reserve development of \$95 million in the 2021 period versus \$43 million in the 2020 period. The favorable prior period medical claims reserve development for the 2021 period decreased the Group and Specialty segment benefit ratio by approximately 210 basis points and 90 basis points in the 2020 period.

Operating Costs

- The Group and Specialty segment operating cost ratio decreased 30 basis points from 25.2% for the 2020 quarter to 24.9% for the 2021 quarter and decreased 10 basis points from 24.0% in the 2020 period to 23.9% in the 2021 period. These decreases primarily reflect the termination of the non-deductible health insurance industry fee in 2021, lower COVID-19 related administrative costs in 2021, as previously discussed, and operating cost efficiencies driven by previously implemented productivity initiatives. These were partially offset by continued strategic investments made to position us for long-term success. The non-deductible health insurance industry fee impacted the operating cost ratio by 130 basis points in the 2020 quarter and period.

Healthcare Services Segment

	For the three months ended September 30,		Change	
	2021	2020	Dollars	Percentage
	(in millions)			
Revenues:				
Services:				
Home solutions	\$ 374	\$ 26	348	1338.5 %
Pharmacy solutions	\$ 163	\$ 157	\$ 6	3.8 %
Provider services	110	81	29	35.8 %
Total services revenues	647	264	383	145.1 %
Intersegment revenues:				
Home solutions	191	134	57	42.5 %
Pharmacy solutions	6,569	6,158	411	6.7 %
Provider services	630	573	57	9.9 %
Total intersegment revenues	7,390	6,865	525	7.6 %
Total services and intersegment revenues	\$ 8,037	\$ 7,129	\$ 908	12.7 %
Segment earnings	\$ 373	\$ 249	\$ 124	49.8 %
Operating cost ratio	95.0 %	96.4 %		(1.4)%

	For the nine months ended September 30,		Change	
	2021	2020	Dollars	Percentage
	(in millions)			
Revenues:				
Services:				
Home solutions	423	80	343	428.8 %
Pharmacy solutions	482	425	57	13.4 %
Provider services	298	236	62	26.3 %
Total services revenues	1,203	741	462	62.3 %
Intersegment revenues:				
Home solutions	452	415	37	8.9 %
Pharmacy solutions	19,244	18,275	969	5.3 %
Provider services	1,858	1,724	134	7.8 %
Total intersegment revenues	21,554	20,414	1,140	5.6 %
Total services and intersegment revenues	\$ 22,757	\$ 21,155	\$ 1,602	7.6 %
Segment earnings	\$ 953	\$ 816	\$ 137	16.8 %
Operating cost ratio	95.6 %	95.8 %		(0.2)%

Segment Earnings

- Healthcare Services segment earnings increased \$124 million, or 49.8%, from \$249 million in the 2020 quarter to \$373 million in the 2021 quarter and increased \$137 million, or 16.8%, from \$816 million in the 2020 period to \$953 million in the 2021 period primarily due to higher earnings from our Kindred at Home acquisition and the factors that drove the segment declining operating cost ratio as more fully described below.

Script Volume

- Humana Pharmacy Solutions script volumes on an adjusted 30-day equivalent basis increased to approximately 130 million in the 2021 quarter, up 8.6%, versus scripts of approximately 119 million in the 2020 quarter. For the 2021 period, script volumes increased to approximately 384 million, up 8.0%, versus scripts of approximately 356 million in the 2020 period. These increases were primarily due to higher individual Medicare Advantage and state-based contracts membership, partially offset by the decline in stand-alone PDP and group Medicare Advantage membership.

Services Revenues

- Services revenues increased \$383 million, or 145.1%, from \$264 million in the 2020 quarter to \$647 million in the 2021 quarter and increased \$462 million, or 62.3%, from \$741 million in the 2020 period to \$1.2 billion in the 2021 period. These increases were primarily due to higher revenues associated with our Kindred at Home acquisition. The 2021 period further reflects additional pharmacy revenues associated with the acquisition of Enclara which was closed during the first quarter of 2020.

Intersegment Revenues

- Intersegment revenues increased \$525 million, or 7.6%, from \$6.9 billion in the 2020 quarter to \$7.4 billion in the 2021 quarter and increased \$1.1 billion, or 5.6%, from \$20.4 billion in the 2020 period to \$21.6 billion in the 2021 period. These increases were primarily due to individual Medicare Advantage and state-based contracts membership growth, as well as higher revenues associated with our provider business. These increases were partially offset by the loss of intersegment revenues associated with the decline in stand-alone PDP and group Medicare Advantage membership as previously discussed.

Operating Costs

- The Healthcare Services segment operating cost ratio decreased 140 basis points from 96.4% for the 2020 quarter to 95.0% for the 2021 quarter and decreased 20 basis points from 95.8% for the 2020 period to 95.6% for the 2021 period. These decreases primarily result from the the impact of Kindred at Home operations which have a lower operating cost ratio than other businesses within the segment, the impact on the third quarter 2020 ratio associated with COVID-19 administrative related costs, including expenses associated with additional safety measures taken for our pharmacy, provider, and home solutions teams who continued to provide services to members throughout the crisis, as well as operational improvements in our provider services business, largely related to Conviva, along with operating cost efficiencies driven by previously implemented productivity initiatives. These factors contributing to a decrease in the operating cost ratio were partially offset by increased administrative cost in the pharmacy operations as a result of incremental spend to accelerate growth within the business, additional shipping costs incurred in pharmacy operations to ensure members' timely receipt of prescriptions, and increased utilization levels in our provider business in the 2021 quarter compared to levels in the 2020 quarter amid the COVID-19 pandemic.

Liquidity

Historically, our primary sources of cash have included receipts of premiums, services revenue, and investment and other income, as well as proceeds from the sale or maturity of our investment securities, and borrowings. Our

primary uses of cash historically have included disbursements for claims payments, operating costs, interest on borrowings, taxes, purchases of investment securities, acquisitions, capital expenditures, repayments on borrowings, dividends, and share repurchases. Because premiums generally are collected in advance of claim payments by a period of up to several months, our business normally should produce positive cash flows during periods of increasing premiums and enrollment. Conversely, cash flows would be negatively impacted during periods of decreasing premiums and enrollment. From period to period, our cash flows may also be affected by the timing of working capital items including premiums receivable, benefits payable, and other receivables and payables. Our cash flows are impacted by the timing of payments to and receipts from CMS associated with Medicare Part D subsidies for which we do not assume risk. The use of cash flows may be limited by regulatory requirements of state departments of insurance (or comparable state regulators) which require, among other items, that our regulated subsidiaries maintain minimum levels of capital and seek approval before paying dividends from the subsidiaries to the parent. Our use of cash flows derived from our non-insurance subsidiaries, such as in our Healthcare Services segment, is generally not restricted by state departments of insurance (or comparable state regulators).

For additional information on our liquidity risk, please refer to the section entitled “Risk Factors” in our 2020 Form 10-K and Item 1A of Part II of this document.

Cash and cash equivalents decreased to approximately \$4.3 billion at September 30, 2021 from \$4.7 billion at December 31, 2020. The change in cash and cash equivalents for the nine months ended September 30, 2021 and 2020 is summarized as follows:

	Nine Months Ended	
	2021	2020
	(in millions)	
Net cash provided by operating activities	\$ 2,358	\$ 5,356
Net cash used in investing activities	(6,454)	(3,010)
Net cash provided by financing activities	3,727	1,585
(Decrease) increase in cash and cash equivalents	<u>\$ (369)</u>	<u>\$ 3,931</u>

Cash Flow from Operating Activities

Cash flows provided by operations of \$2.4 billion in the 2021 period decreased \$3.0 billion from cash flows provided by operations of \$5.4 billion in the 2020 period primarily due to the negative impact of working capital items and lower earnings in the 2021 period compared to the 2020 period. Our 2021 period operating cash flows were significantly impacted by changes to working capital levels, primarily as a result of prior year disruptions caused by COVID-19. These impacts include paying down claims inventory and capitation for provider surplus amounts earned in 2020 as well as additional provider support. These factors were partially offset by the favorable impact of the termination of the non-deductible HIF in 2021.

The most significant drivers of changes in our working capital are typically the timing of payments of benefits expense and receipts for premiums. We illustrate these changes with the following summaries of benefits payable and receivables.

The detail of benefits payable was as follows at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020	2021 Period Change	2020 Period Change
	(in millions)			
IBNR (1)	\$ 5,973	\$ 5,290	\$ 683	\$ 999
Reported claims in process (2)	1,201	816	385	539
Other benefits payable (3)	1,584	2,037	(453)	666
Total benefits payable	<u>\$ 8,758</u>	<u>\$ 8,143</u>	<u>\$ 615</u>	<u>\$ 2,204</u>
Payables from acquisition			(42)	—
Change in benefits payable per cash flow statement resulting in cash from operations			<u>\$ 573</u>	<u>\$ 2,204</u>

- (1) IBNR represents an estimate of benefits payable for claims incurred but not reported (IBNR) at the balance sheet date and includes unprocessed claim inventories. The level of IBNR is primarily impacted by membership levels, medical claim trends and the receipt cycle time, which represents the length of time between when a claim is initially incurred and when the claim form is received and processed (i.e. a shorter time span results in a lower IBNR).
- (2) Reported claims in process represents the estimated valuation of processed claims that are in the post claim adjudication process, which consists of administrative functions such as audit and check batching and handling, as well as amounts owed to our pharmacy benefit administrator which fluctuate due to bi-weekly payments and the month-end cutoff.
- (3) Other benefits payable primarily include amounts owed to providers under capitated and risk sharing arrangements.

The increase in benefits payable in 2021 was primarily due to higher IBNR and an increase in reported claims in process partially offset by a reduction in capitation accruals. IBNR increased primarily as a result of individual Medicare Advantage membership growth partially offset by paying down claim inventories. Higher reported claims in process was a function of timing of month-end cutoff. The 2020 period was significantly impacted by higher capitation accruals as significantly lower utilization caused by COVID-19 resulted in higher surplus accruals to providers. These higher surplus accrual to providers were paid down during 2021.

The detail of total net receivables was as follows at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020	2021 Period Change	2020 Period Change
	(in millions)			
Medicare	\$ 1,182	\$ 928	\$ 254	\$ 28
Commercial and other	612	122	490	47
Military services	167	160	7	13
Allowance for doubtful accounts	(82)	(72)	(10)	(9)
Total net receivables	<u>\$ 1,879</u>	<u>\$ 1,138</u>	<u>\$ 741</u>	<u>\$ 79</u>
Reconciliation to cash flow statement:				
Receivables from acquisition			(447)	3
Change in receivables per cash flow statement resulting in cash from operations			<u>\$ 294</u>	<u>\$ 82</u>

The changes in Medicare receivables for both the 2021 period and the 2020 period reflect individual Medicare Advantage membership growth and the typical pattern caused by the timing of accruals and related collections

associated with the CMS risk-adjustment model. Significant collections occur with the mid-year and final settlements with CMS in the second and third quarter. We received the 2021 \$1.3 billion mid-year settlement in July 2021. The increase in Commercial and other receivables and the allowance for doubtful accounts primarily relates to the Kindred at Home acquisition.

Cash Flow from Investing Activities

During 2021, we acquired Kindred at Home and other various health and wellness related businesses for cash consideration of approximately \$4.0 billion, net of cash received.

During 2020, we acquired privately held Enclara Healthcare for cash consideration of approximately \$709 million, net of cash received.

Our ongoing capital expenditures primarily relate to our information technology initiatives, support of services in our provider services operations including medical and administrative facility improvements necessary for activities such as the provision of care to members, claims processing, billing and collections, wellness solutions, care coordination, regulatory compliance and customer service. Total capital expenditures, excluding acquisitions, were \$945 million in the 2021 period and \$668 million in the 2020 period.

Net purchases of investment securities were \$1.6 billion in both the 2021 and 2020 periods.

Cash Flow from Financing Activities

Receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk were higher than claim payments by \$625 million in the 2021 period and claim payments were higher than receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk by \$283 million in the 2020 period.

Under our administrative services only TRICARE contracts, health care costs payments for which we do not assume risk exceeded reimbursements from the federal government by \$20 million in the 2021 period and reimbursements from the federal government exceeded health care costs payments for which we do not assume risk by \$9 million in the 2020 period.

Net proceeds from the issuance of commercial paper were \$193 million in the 2021 period and \$21 million in the 2020 period. The maximum principal amount outstanding at any one time during the 2021 period was \$1.1 billion.

In August 2021, we issued \$1,500 million of 0.650% unsecured senior notes due August 3, 2023, \$750 million of 1.350% unsecured senior notes due February 3, 2027 and \$750 million of 2.150% unsecured senior notes due February 3, 2032. Our net proceeds, reduced for the underwriters' discount and commission and offering expenses paid as of September 30, 2021 were \$2.984 billion.

In March 2020, we issued \$600 million of 4.500% senior notes due April 1, 2025 and \$500 million of 4.875% senior notes due April 1, 2030. Our net proceeds, reduced for the underwriters' discount and commission and offering expenses paid as of September 30, 2020 were \$1,088 million.

In August 2021, we borrowed \$500 million under the delayed draw term loan agreement. In March 2020, we drew \$1 billion on our existing term loan commitment, which was repaid in November 2020.

As of the closing of the acquisition of Kindred at Home on August 17, 2021, we assumed approximately \$2.1 billion of borrowings under the Gentiva Term Loan, and subsequent to the acquisition, we repaid \$150 million of borrowings under the Gentiva Term Loan.

We acquired common shares in connection with employee stock plans for an aggregate cost of \$36 million in the 2021 period and \$30 million in the 2020 period.

We paid dividends to stockholders of \$263 million during the 2021 period and \$239 million during the 2020 period.

The remainder of the cash used in or provided by financing activities in 2021 and 2020 primarily resulted from debt issuance costs, proceeds from stock option exercises and the change in book overdraft.

Future Sources and Uses of Liquidity

Dividends

For a detailed discussion of dividends to stockholders, please refer to Note 10 to the condensed consolidated financial statements.

Stock Repurchases

For a detailed discussion of stock repurchases, please refer to Note 10 to the condensed consolidated financial statements.

Debt

For a detailed discussion of our debt, including our senior notes, term loans, credit agreements, commercial paper program, and other short-term borrowings, please refer to Note 12 to the condensed consolidated financial statements.

Liquidity Requirements

We believe our cash balances, investment securities, operating cash flows, and funds available under our credit agreement and our commercial paper program or from other public or private financing sources, taken together, provide adequate resources to fund ongoing operating and regulatory requirements, acquisitions, future expansion opportunities, and capital expenditures for at least the next twelve months, as well as to refinance or repay debt, and repurchase shares.

Adverse changes in our credit rating may increase the rate of interest we pay and may impact the amount of credit available to us in the future. Our investment-grade credit rating at September 30, 2021 was BBB+ according to Standard & Poor's Rating Services, or S&P, and Baa3 according to Moody's Investors Services, Inc., or Moody's. A downgrade by S&P to BB+ or by Moody's to Ba1 triggers an interest rate increase of 25 basis points with respect to \$250 million of our senior notes. Successive one notch downgrades increase the interest rate an additional 25 basis points, or annual interest expense by less than \$1 million, up to a maximum 100 basis points, or annual interest expense by \$3 million.

In addition, we operate as a holding company in a highly regulated industry. Humana Inc., our parent company, is dependent upon dividends and administrative expense reimbursements from our subsidiaries, most of which are subject to regulatory restrictions. We continue to maintain significant levels of aggregate excess statutory capital and surplus in our state-regulated operating subsidiaries. Cash, cash equivalents, and short-term investments at the parent company were \$1.2 billion at September 30, 2021 compared to \$772 million at December 31, 2020. This increase primarily was due to net proceeds from the senior notes and term loans, dividends received from regulated subsidiaries, earnings in non-regulated Healthcare Services subsidiaries, and the issuance of commercial paper, partially offset by acquisitions, capital expenditures, cash dividends to shareholders, and capital contributions to certain subsidiaries. Our use of operating cash derived from our non-insurance subsidiaries, such as our Healthcare Services segment, is generally not restricted by departments of insurance (or comparable state regulators).

Regulatory Requirements

Certain of our subsidiaries operate in states that regulate the payment of dividends, loans, or other cash transfers to Humana Inc., our parent company, and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these subsidiaries, without prior approval

by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. If the dividend, together with other dividends paid within the preceding twelve months, exceeds a specified statutory limit or is paid from sources other than earned surplus, it is generally considered an extraordinary dividend requiring prior regulatory approval. In most states, prior notification is provided before paying a dividend even if approval is not required.

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Based on the most recently filed statutory financial statements as of June 30, 2021, our state regulated subsidiaries had aggregate statutory capital and surplus of approximately \$9.6 billion, which exceeded aggregate minimum regulatory requirements of \$7.2 billion. The amount of ordinary dividends paid to our parent company was approximately \$1.3 billion during the nine months ended September 30, 2021 compared to \$360 million during the nine months ended September 30, 2020. The amount, timing and mix of ordinary and extraordinary dividend payments will vary due to state regulatory requirements, the level of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our earnings and financial position are exposed to financial market risk, including those resulting from changes in interest rates.

Interest rate risk also represents a market risk factor affecting our consolidated financial position due to our significant investment portfolio, consisting primarily of fixed maturity securities of investment-grade quality with a weighted average S&P credit rating of AA- at September 30, 2021. Our net unrealized position decreased \$326 million from a net unrealized gain position of \$514 million at December 31, 2020 to a net unrealized gain position of \$188 million at September 30, 2021. At September 30, 2021, we had gross unrealized losses of \$113 million on our investment portfolio primarily due to an increase in market interest rates since the time the securities were purchased. There were no material credit allowances during the nine months ended September 30, 2021. While we believe that these securities in an unrealized loss will recover in value over time and we currently do not have the intent to sell such securities, given the current market conditions and the significant judgments involved, there is a continuing risk that future declines in fair value may occur and material realized losses from sales or credit allowances may be recorded in future periods.

Duration is the time-weighted average of the present value of the bond portfolio's cash flow. Duration is indicative of the relationship between changes in fair value and changes in interest rates, providing a general indication of the sensitivity of the fair values of our fixed maturity securities to changes in interest rates. However, actual fair values may differ significantly from estimates based on duration. The average duration of our investment portfolio, including cash and cash equivalents, was approximately 3.5 years as of September 30, 2021 and approximately 3.0 years as of December 31, 2020. The increase in the average duration is reflective of various portfolio management activities and the decreased holdings of cash and cash equivalents. Based on the duration, including cash equivalents, a 1% increase in interest rates would generally decrease the fair value of our securities by approximately \$632 million at September 30, 2021.

Item 4. Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer, or CEO, our Chief Financial Officer, or CFO, and our Principal Accounting Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures for the quarter ended September 30, 2021.

Based on our evaluation, which excluded the impact of the acquisition of Kindred at Home, or KAH, discussed below, our CEO, CFO, and our Principal Accounting Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information the Company is required to disclose in its reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, including, without limitation, ensuring that such information is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

On August 17, 2021, we acquired the remaining 60% interest in KAH. At September 30, 2021, KAH's assets represented approximately 20% of consolidated assets. For the three and nine months ended September 30, 2021, KAH's revenues represented approximately 2% and 1% of consolidated revenues, respectively, and income before income taxes represented approximately 2% and 1% of consolidated income before income taxes, respectively. We currently exclude, and are in the process of working to incorporate, KAH in our evaluation of internal controls over financial reporting and related disclosure controls and procedures.

Other than the acquisition mentioned above, there have been no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information**Item 1. Legal Proceedings**

For a description of the legal proceedings pending against us and certain other pending or threatened litigation, investigations, or other matters, see “Legal Proceedings and Certain Regulatory Matters” in Note 13 to the condensed consolidated financial statements of this Form 10-Q.

Item 1A. Risk Factors

There have been no changes to the risk factors included in our 2020 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.

(b) N/A

(c) The following table provides information about our purchases of equity securities that are registered by us pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, during the three months ended September 30, 2021:

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)(2)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 2021	—	\$ —	—	\$ —
August 2021	—	—	—	—
September 2021	—	—	—	—
Total	—	\$ —	—	—

(1) On December 22, 2020, we entered into separate accelerated stock repurchase agreements, (“the December 2020 ASR Agreements”), with Citibank, N.A., or Citi, and JPMorgan Chase Bank, or JPM, to repurchase \$1.75 billion of our common stock as part of the \$3 billion repurchase program authorized by the Board of Directors on July 30, 2019. On December 23, 2020, in accordance with the December 2020 ASR Agreements, we made a payment of \$1.75 billion (\$875 million to Citi and \$875 million to JPM) and received an initial delivery of 3.8 million shares of our common stock (1.9 million shares each from Citi and JPM). We recorded the payments to Citi and JPM as a reduction to stockholders’ equity, consisting of an \$1.5 billion increase in treasury stock, which reflects the value of the initial 3.8 million shares received upon initial settlement, and a \$262.5 million decrease in capital in excess of par value, which reflects the value of stock held back by Citi and JPM pending final settlement of the December 2020 ASR Agreements. Upon final settlement of the December 2020 ASR agreements with Citi and JPM on May 4, 2021 and May 5, 2021, respectively, we received an additional 0.3 million shares and 0.3 million shares, respectively, as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of \$400.07 and 401.49, respectively, bringing the total shares received under the December 2020 ASR agreements to 4.4 million. In addition, upon settlement we reclassified the \$262.5 million value of stock initially held back by Citi and JPM from capital in excess of par value to treasury stock. On February 18, 2021, the Board of Directors replaced the previous share repurchase authorization of up to \$3 billion (of which approximately \$250 million remained unused) with a new authorization for repurchases of up to \$3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 18, 2024. Our remaining repurchase authorization was \$3 billion as of September 30, 2021.

(2) Excludes 90,000 shares repurchased in connection with employee stock plans.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On October 29, 2021, we entered into a \$2.0 billion term loan credit agreement with the several banks and other financial institutions from time to time parties thereto, JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A., as Syndication Agent, PNC Capital Markets, LLC, U.S. Bank, National Association, Wells Fargo Securities, LLC, Citibank, N.A., and Truist Bank, as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc. and JPMorgan Chase Bank, N.A., BofA Securities, Inc., PNC Capital Markets LLC, U.S. Bank, National Association, Wells Fargo Securities, LLC, Citibank, N.A., and Truist Securities, Inc., as Joint Lead Arrangers and Joint Bookrunners (the "October 2021 Term Loan Agreement"). Proceeds of the October 2021 Term Loan Agreement were applied to finance the repayment in full of the outstanding debt under the Gentiva Credit Agreement and for other general corporate purposes.

Loans under the October 2021 Term Loan Agreement bear interest at adjusted Term SOFR, as defined in the October 2021 Term Loan Agreement, or the base rate plus a spread. The loans under the October 2021 Term Loan Agreement will mature on the second anniversary of the closing date, October 29, 2023. The October 2021 Term Loan Agreement contains customary covenants, including a maximum debt to capitalization financial condition covenant, as well as customary events of default. The terms of the October 2021 Term Loan Agreement also include customary representations and warranties. We have other relationships, including financial advisory and banking, with some parties to the October 2021 Term Loan Agreement. The foregoing description of the October 2021 Term Loan Agreement does not purport to be complete. For an understanding of the terms and provisions of the October 2021 Term Loan Agreement, reference should be made to the copy of that agreement attached as Exhibit 10.4 to this Form 10-Q and incorporated by reference herein.

At the time of the repayment in full of the Gentiva Credit Agreement, there was \$1.9 billion of outstanding debt thereunder and no prepayment penalty was due.

Item 6: Exhibits

- [3\(i\)](#) Restated Certificate of Incorporation of Humana Inc. filed with the Secretary of State of Delaware on November 9, 1989, as restated to incorporate the amendment of January 9, 1992, and the correction of March 23, 1992 (incorporated herein by reference to Exhibit 4(i) to Humana Inc.'s Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 (Reg. No. 33-49305) filed February 2, 1994).
- [3\(ii\)](#) By-Laws of Humana Inc., as amended on December 14, 2017 (incorporated herein by reference to Exhibit 3(b) to Humana Inc.'s Current Report on Form 8-K, filed December 14, 2017).
- [10.1](#) Eighteenth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
- [10.2](#) Nineteenth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
- [10.3](#) Twentieth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.6 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
- [10.4](#) \$2.0 Billion Term Loan Credit Agreement, dated as of October 29, 2021, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A., as Syndication Agent, PNC Capital Markets, LLC, U.S. Bank, National Association, Wells Fargo Securities, LLC, Citibank, N.A., and Truist Bank, as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc. and JPMorgan Chase Bank, N.A., BofA Securities, Inc., PNC Capital Markets LLC, U.S. Bank, National Association, Wells Fargo Securities, LLC, Citibank, N.A., and Truist Securities, Inc., as Joint Lead Arrangers and Joint Bookrunners.
- [31.1](#) Principal Executive Officer certification pursuant to Section 302 of Sarbanes–Oxley Act of 2002.
- [31.2](#) Principal Financial Officer certification pursuant to Section 302 of Sarbanes–Oxley Act of 2002.
- [32](#) Principal Executive Officer and Principal Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following materials from Humana Inc.'s Quarterly Report on Form 10-Q formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets at September 30, 2021 and December 31, 2020; (ii) the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2021 and 2020; (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2021 and 2020; (iv) the Consolidated Statements of Equity for the three and nine months ended September 30, 2021 and 2020; (v) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020; and (vi) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 104 Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

TERM LOAN CREDIT AGREEMENT

Dated as of October 29, 2021

among

HUMANA INC.,

THE SEVERAL BANKS AND OTHER FINANCIAL INSTITUTIONS
FROM TIME TO TIME PARTIES HERETO,

and

JPMORGAN CHASE BANK, N.A.,
as Agent,

BANK OF AMERICA, N.A.,
as Syndication Agent,

PNC CAPITAL MARKETS LLC, U.S. BANK, NATIONAL ASSOCIATION, WELLS FARGO SECURITIES, LLC, CITIBANK, N.A. and
TRUIST BANK,
as Documentation Agents

JPMORGAN CHASE BANK, N.A., BOFA SECURITIES, INC., PNC CAPITAL MARKETS LLC, , U.S. BANK, NATIONAL
ASSOCIATION, WELLS FARGO SECURITIES, LLC, CITIBANK, N.A., and TRUIST SECURITIES, INC.,
as Joint Lead Arrangers and Joint Bookrunners

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SCHEDULES

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- SCHEDULE II Pricing Grid
- SCHEDULE III Liens
- SCHEDULE IV Certain Acquisitions and Dispositions

EXHIBITS

- EXHIBIT A Form of Note
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- EXHIBIT C Form of Assignment and Assumption
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- EXHIBIT E-1 Form of U.S. Tax Compliance Certificate
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- EXHIBIT E-3 Form of U.S. Tax Compliance Certificate
(Non-U.S. Participants That Are Partnerships For U.S. Federal Income Tax Purposes)
- EXHIBIT E-4 Form of U.S. Tax Compliance Certificate
(Non-U.S. Banks That Are Partnerships For U.S. Federal Income Tax Purposes)

TERM LOAN CREDIT AGREEMENT, dated as of October 29, 2021, among HUMANA INC., a Delaware corporation (the “Company”), the several banks and other financial institutions from time to time parties to this Agreement (the “Banks”), the agents identified on the cover page of this Agreement and JPMORGAN CHASE BANK, N.A., a national banking association, as administrative agent for the Banks hereunder (in such capacity, the “Agent”).

WITNESSETH:

WHEREAS, the Company has requested that the Banks provide a term loan credit facility to the Company in the aggregate principal amount of \$2,000,000,000; and

WHEREAS, for valuable consideration, the Banks are willing to provide such credit facility upon and subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

“Acquisition Indebtedness”: any Indebtedness of the Company or any of its Subsidiaries that has been issued for the purpose of financing, in whole or in part, a Material Acquisition and any related transactions or series of related transactions (including for the purpose of refinancing or replacing all or a portion of any pre-existing Indebtedness of the Company, any of its Subsidiaries or the person(s) or assets to be acquired); provided that (a) the release of the proceeds thereof to the Company and its Subsidiaries is contingent upon the consummation of such Material Acquisition and, pending such release, such proceeds are held in escrow (and, if the definitive agreement (or, in the case of a tender offer or similar transaction, the definitive offer document) for such acquisition is terminated prior to the consummation of such Material Acquisition or if such Material Acquisition is otherwise not consummated by the date specified in the definitive documentation relating to such Indebtedness, such proceeds shall be promptly applied to satisfy and discharge all obligations of the Company and its Subsidiaries in respect of such Indebtedness) or (b) such Indebtedness contains a “special mandatory redemption” provision (or other similar provision) or otherwise permits such Indebtedness to be redeemed or prepaid if such Material Acquisition is not consummated by the date specified in the definitive documentation relating to such Indebtedness (and if the definitive agreement (or, in the case of a tender offer or similar transaction, the definitive offer document) for such Material Acquisition is terminated in accordance with its terms prior to the consummation of such Material Acquisition or such Material Acquisition is otherwise not consummated by the date specified in the definitive documentation relating to such Indebtedness, such Indebtedness is so redeemed or prepaid within 90 days of such termination or such specified date, as the case may be).

“Adjusted Daily Simple SOFR”: an interest rate per annum equal to (a) the Daily Simple SOFR, plus (b) 0.114%; provided that if Adjusted Daily Simple SOFR as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

“Adjusted Term SOFR Rate”: for any Interest Period, an interest rate per annum equal to (a) the Term SOFR Rate for such Interest Period, plus (b) 0.114%; provided that if the Adjusted Term SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

“Affected Financial Institution”: (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate”: as to any Person, any other Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” of a Person means the power, directly or indirectly, either to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Aggregate Outstanding Extensions of Credit”: as to any Bank at any time, an amount equal to the sum of the aggregate principal amount of all Loans made by such Bank then outstanding.

“Agreement”: this Term Loan Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

“Alternate Base Rate”: for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted Term SOFR Rate for a one month Interest Period as published two U.S. Government Securities Business Days prior to such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that, for the purpose of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 5:00 a.m. Chicago time on such day (or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to subsection 2.10 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to subsection 2.10(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.0%, such rate shall be deemed to be 1.0% for purposes of this Agreement.

“Alternate Base Rate Loans”: Loans hereunder at such time as they are made and/or being maintained at a rate of interest based upon the Alternate Base Rate.

“Ancillary Document”: as defined in subsection 10.8.

“Anti-Corruption Laws”: all laws, rules and regulations of any jurisdiction applicable to the Company or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Margin”: for each Type of Loan, the rate per annum applicable to such Type determined in accordance with the Pricing Grid.

“Applicable Parties”: as defined in subsection 9.14(c).

“Approved Electronic Platform”: as defined in subsection 9.14(a).

“Approved Fund”: any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Bank, (b) an Affiliate of a Bank or (c) an entity or an Affiliate of an entity that administers or manages a Bank.

“ASC”: as defined in subsection 1.2(b).

“Assignment and Assumption”: an Assignment and Assumption, substantially in the form of Exhibit C.

“Available Tenor”: as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark (or component thereof) or payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining the length of an Interest Period for any term rate or otherwise, for determining any frequency of making payments of interest calculated pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to clause (e) of subsection 2.10.

“Bail-In Action”: the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation”: (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank Obligations”: as defined in subsection 8.1.

“Bank Parent”: with respect to any Bank, any Person as to which such Bank is, directly or indirectly, a Subsidiary.

“Bankruptcy Event”: with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment; provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof; provided further that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Banks”: as defined in the introductory paragraph to this Agreement.

“Benchmark”: initially, the Term SOFR Rate; *provided* that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Term SOFR Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) of subsection 2.10.

“Benchmark Replacement”: for any Available Tenor, the first alternative set forth in the order below that can be determined by the Agent for the applicable Benchmark Replacement Date:

(1) the Adjusted Daily Simple SOFR; and

(2) the sum of: (a) the alternate benchmark rate that has been selected by the Agent and the Company as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time in the United States and (b) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents

“Benchmark Replacement Adjustment”: with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected by the Agent and the Company for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes”: with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate”, the definition of “Business Day”, the definition of “U.S. Government Securities Business Day”, the definition of “Interest Period”, timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Agent decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Benchmark Replacement Date”: with respect to any Benchmark, the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event”: with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board, the NYFRB, the CME Term SOFR Administrator, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period”: with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of the definition thereof has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under the other Loan Documents in accordance with

subsection 2.10 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under the other Loan Documents in accordance with subsection 2.10.

“Beneficial Ownership Certification”: a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation”: 31 C.F.R. § 1010.230.

“Benefit Plan”: any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Benefitted Bank”: as defined in subsection 10.7(a).

“Board”: the Board of Governors of the Federal Reserve System of the United States of America.

“BofA”: Bank of America, N.A.

“Borrowing Date”: any Business Day specified in a notice pursuant to subsection 2.1(b) as a date on which the Company requests the Banks to make Loans hereunder.

“Business Day”: a day other than a Saturday, Sunday or other day on which commercial banks in New York City or Chicago are authorized or required by law to close.

“Capital Stock”: any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

“Change in Control”: of any corporation, shall occur when (a) any Person or “group” (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), other than the Company, shall acquire more than 35% of the Voting Stock of such corporation or (b) the Continuing Directors shall not constitute a majority of the board of directors of such corporation.

“Charges”: as defined in subsection 10.18.

“Clocktower Building”: the real property located at 123 E. Main Street, Louisville, Kentucky 40202.

“Closing Date”: the date on which all of the conditions precedent set forth in subsection 5.1 shall have been fulfilled or waived and the borrowing of Loans has occurred, such date being October 29, 2021.

“CME Term SOFR Administrator”: CME Group Benchmark Administration Limited as administrator of the forward-looking term Secured Overnight Financing Rate (SOFR) (or a successor administrator).

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Commitment”: as to any Bank, its obligation to make Loans to the Company pursuant to subsection 2.1(a) in an aggregate principal amount and/or face amount not to exceed at any one time

outstanding the amount set forth opposite such Bank's name in Schedule I, as such amount may be reduced or increased from time to time as provided herein.

"Commitment Percentage": as to any Bank, the percentage of the aggregate Commitments for all Banks constituted by such Bank's Commitment. In the case of subsection 2.20 when a Defaulting Bank shall exist, Commitment Percentages shall be determined without regard to any Defaulting Bank's Commitment.

"Communications": collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Company pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Agent or any Bank by means of electronic communications pursuant to this subsection, including through an Approved Electronic Platform.

"Company": as defined in the introductory paragraph to this Agreement.

"Conduit Lender": any special purpose corporation organized and administered by any Bank for the purpose of making Loans otherwise required to be made by such Bank and designated by such Bank in a written instrument; provided that the designation by any Bank of a Conduit Lender shall not relieve the designating Bank of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Bank (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender; provided further that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to subsections 2.13, 2.14, 2.15, 2.16 or 10.5 than the designating Bank would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender (and each Bank which designates a Conduit Lender shall indemnify the Company against any increased taxes, costs, expenses, liabilities or losses associated with any payment thereunder to such Conduit Lender) or (b) be deemed to have any Commitment.

"Consolidated Capitalization Ratio": at the last day of any fiscal quarter of the Company, the ratio of (i) all Total Consolidated Indebtedness of the Company and its Subsidiaries outstanding on such date to (ii) the sum of (A) all Total Consolidated Indebtedness of the Company and its Subsidiaries outstanding on such date and (B) Consolidated Net Worth on such date; provided that for purposes of the Consolidated Capitalization Ratio, from and after the consummation of a Kindred Hospice / Community Care Qualified Public Offering, (x) Total Consolidated Indebtedness shall exclude any Indebtedness of the Kindred Hospice and Community Care Business and (y) Consolidated Net Worth shall exclude the stockholders' equity of the Company and its Subsidiaries attributable to the Kindred Hospice and Community Care Business.

"Consolidated Net Tangible Assets": at any date, the total amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (a) all current liabilities as disclosed on the consolidated balance sheet of the Company (excluding any thereof which are by their terms extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed and excluding any deferred income taxes that are included in current liabilities) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent consolidated balance sheet of the Company and computed in accordance with GAAP.

"Consolidated Net Worth": at any date, the stockholders' equity of the Company and its Subsidiaries as most recently reported by the Company pursuant to subsection 6.4 as of such date (or, if prior to the first report under subsection 6.4, as reported in the most recent financial statements delivered pursuant to subsection 5.1(d)) (it being understood for the avoidance of doubt that, for purposes of

subsection 7.1, it shall be the stockholders' equity of the Company and its Subsidiaries reported by the Company pursuant to subsection 6.4 with respect to the fiscal quarter for which such covenant is being tested), determined in accordance with GAAP.

“Continuing Director”: any member of the board of directors of the Company who is a member of such board on the date of this Agreement, and any Person who is a member of such board and whose nomination as a director was approved by a majority of the Continuing Directors then on such board.

“Contractual Obligation”: as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

“Control Group Person”: any Person which is a member of the controlled group or is under common control with the Company or any Subsidiary within the meaning of Section 414(b) or 414(c) of the Code or Section 4001(b)(1) of ERISA.

“Corresponding Tenor”: with respect to any Available Tenor, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“Credit Party”: the Agent or any Bank.

“Daily Simple SOFR”: for any day (a “SOFR Rate Day”), a rate per annum equal to SOFR for the day (such day “SOFR Determination Date”) that is five (5) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Company.

“Default”: any of the events specified in subsection 8.1, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

“Defaulting Bank”: Subject to subsection 2.20(b), any Bank that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Bank notifies the Agent in writing that such failure is the result of such Bank's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Company or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Bank's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied), (c) has failed, within three Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Bank that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans under this Agreement; provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Agent, (d) has, or has a Bank Parent that has, become the subject of (i) a Bankruptcy Event or (ii) a Bail-In Action or

(e) has defaulted in fulfilling its funding obligations generally under other agreements in which such Bank commits to extend credit.

“Documentation Agents”: PNC Capital Markets LLC, U.S. Bank, National Association, Wells Fargo Securities, LLC, Citibank, N.A. and Truist Bank.

“Dollars” and “\$”: dollars in lawful currency of the United States of America.

“EEA Financial Institution”: (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country”: any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority”: any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Signature”: an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Embargoed Jurisdiction”: any country, region or territory that is subject to a comprehensive embargo under applicable Sanctions, as modified from time to time by relevant Governmental Authorities and which, as of the date of this Agreement, shall include Crimea, Cuba, Iran, North Korea and Syria.

“ERISA”: the Employee Retirement Income Security Act of 1974, as amended from time to time.

“EU Bail-In Legislation Schedule”: the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Event of Default”: any of the events specified in subsection 8.1; provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, event or act has been satisfied.

“FATCA”: Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

“Federal Funds Effective Rate”: for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions (as determined in such manner as the NYFRB shall set forth on the NYFRB’s Website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate. If the Federal Funds Effective Rate shall be less than zero, it shall be deemed zero for purposes hereof.

“Financing Lease”: any lease of property, real or personal, if the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee; provided that for purposes of this Agreement or any other Loan Document, in no event shall any lease that would be categorized as an “operating lease” in accordance with ASC 842 be considered a Financing Lease.

“Floor”: the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted Term SOFR Rate and Adjusted Daily Simple SOFR. For the avoidance of doubt, the initial Floor for each of the Adjusted Term SOFR Rate and Adjusted Daily Simple SOFR shall be zero.

“GAAP”: subject to subsection 1.2(b), generally accepted accounting principles in the United States of America from time to time in effect.

“Governmental Authority”: any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Guarantee Obligation”: of any Person, any arrangement whereby credit is extended to one party on the basis of any promise of such Person, whether that promise is expressed in terms of an obligation to pay the Indebtedness of another, or to purchase an obligation owed by that other, to purchase assets or to provide funds in the form of lease or other types of payments under circumstances that would enable that other to discharge one or more of its obligations, whether or not such arrangement is listed in the balance sheet of the obligor or referred to in a footnote thereto, but shall not include endorsements of items for collection in the ordinary course of business.

“Headquarters”: the principal executive offices of the Company located at 500 West Main Street, Louisville, Kentucky 40202.

“HMO”: a health maintenance organization doing business as such (or required to qualify or to be licensed as such) under HMO Regulations.

“HMO Regulations”: all laws, regulations, directives and administrative orders applicable under federal or state law specific to health maintenance organizations and any regulations, orders and directives promulgated or issued pursuant thereto.

“HMO Regulator”: any Person charged with the administration, oversight or enforcement of an HMO Regulation.

“Indebtedness”: of a Person, at a particular date, the sum (without duplication) at such date of (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services, (c) all obligations of such Person evidenced by a note, bond, debenture or similar instrument, (d) all obligations of such Person under Financing Leases, (e) all obligations of such Person in respect of letters of credit, acceptances or similar obligations issued or created for the account of such Person in excess of \$1,000,000 (other than, in each case, undrawn letters of credit, acceptances or similar obligations), (f) Indebtedness of others secured by any Lien on any property owned by the Company or any Subsidiary even though such Person has not assumed or

otherwise become liable for the payment thereof (but excluding, in the case of this clause (f), involuntary Liens on the property of such Person that are being contested in good faith and by appropriate proceedings and for which adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP); provided that the amount of such Indebtedness shall be the lesser of the fair market value of such property and the amount of liabilities secured thereby, (g) the amount of Synthetic Lease Obligations of such Person and (h) all Guarantee Obligations relating to any of the foregoing in excess of \$5,000,000 (but excluding, in the case of this clause (h), involuntary obligations of such Person that are being contested in good faith and by appropriate proceedings and for which adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP).

“Indemnified Liabilities”: as defined in subsection 10.5(c).

“Indemnified Person”: as defined in subsection 10.5(c).

“Insolvency” or “Insolvent”: with respect to any Multiemployer Plan, the condition that such Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA.

“Insurance Regulation”: any law, regulation, rule, directive or order applicable and specific to an insurance company.

“Insurance Regulator”: any Person charged with the administration, oversight or enforcement of any Insurance Regulation.

“Interest Payment Date”: (a) as to any Alternate Base Rate Loan, the last day of each March, June, September and December, commencing on the first of such days to occur after Alternate Base Rate Loans are made or Term Benchmark Loans are converted to Alternate Base Rate Loans and the final maturity date of such Loan, (b) as to any Term Benchmark Loan, the last day of such Interest Period.

“Interest Period”: with respect to any borrowing of Term Benchmark Loans, the period commencing on the date of such borrowing and ending on the numerically corresponding day in the calendar month that is one month thereafter; provided, that (i) if any Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day, (ii) if the Company shall fail to give notice as provided above, the Company shall be deemed to have selected an Alternate Base Rate Loan to replace the affected Term Benchmark Loan, (iii) any Interest Period pertaining to a Term Benchmark Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month, (iv) any interest period pertaining to a Term Benchmark Loan that would otherwise end after the Termination Date shall end on the Termination Date and (v) no tenor that has been removed from this definition pursuant to subsection 2.10(e) shall be available for specification in such notice of borrowing or interest election request.

“IRS”: the United States Internal Revenue Service.

“JPMorgan”: JPMorgan Chase Bank, N.A.

“Kindred at Home Business”: the business known as of the date hereof as Kindred at Home, which is organized as of the date hereof as Kentucky Homecare Parent, Inc. and its Subsidiaries.

“Kindred Hospice and Community Care Business”: any or all of the legal entities, divisions, assets and operations primarily comprising the hospice and community care business of the Kindred at Home Business, and certain other related businesses of the Company.

“Kindred Hospice / Community Care Qualified Public Offering”: (a) an initial underwritten public offering or a direct listing of common Capital Stock of the Kindred Hospice and Community Care Business or a direct or indirect parent thereof (other than the Company) pursuant to an effective registration statement (other than a registration statement on Form S-8 (or equivalent forms applicable to foreign public companies or foreign private issuers in the United States) or any successor form) filed with the Securities and Exchange Commission in accordance with the Securities Act of 1933, as amended, or pursuant to a prospectus or similar documents filed with securities regulatory authorities outside of the United States or (b) any transaction or series of related transactions following consummation of which the Kindred Hospice and Community Care Business or any direct or indirect parent thereof (other than the Company) has a class or series of common equity securities traded on a recognized securities exchange.

“Kindred Hospice / Community Care Separation Transaction”: following the Company’s acquisition of the Kindred at Home Business, any transaction or series of transactions the anticipated result of which is or will be that the Company ceases to own, directly or indirectly, a majority of the Voting Stock of the Kindred Hospice and Community Care Business, including (without any assurance as to the timing or certainty thereof) a public listing or another potential transaction.

“Lead Arrangers”: JPMorgan, BofA Securities, Inc., PNC Capital Markets LLC, U.S. Bank, National Association, Wells Fargo Securities, LLC, Citibank, N.A. and Truist Securities, Inc.

“Lender Affiliate”: (a) any Affiliate of any Bank, (b) any Person that is administered or managed by any Bank and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and (c) with respect to any Bank which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and similar extensions of credit and is managed or advised by the same investment advisor as such Bank or by an Affiliate of such Bank or investment advisor.

“Lien”: any lien (statutory or other), security interest or other charge or encumbrance of any kind, or preference, priority or other preferential arrangement that has the same practical effect as any of the foregoing (including, without limitation, any conditional sale or other title retention agreement, or any financing lease having substantially the same economic effect as any of the foregoing).

“Loan”: any loan made by any Bank pursuant to this Agreement.

“Loan Documents”: this Agreement and the Notes.

“Margin Stock”: as defined in Regulation U.

“Material Acquisition”: an acquisition the consideration for which is equal to or greater than \$125,000,000.

“Material Adverse Effect”: any material adverse effect on (a) the business, assets, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement or (c) the rights and remedies of the Banks with respect to the Company and its Subsidiaries under any of the Loan Documents.

“Material Step-Up Acquisition”: an acquisition the cash consideration for which is equal to or greater than \$1,000,000,000.

“Maximum Rate”: as defined in subsection 10.18.

“Moody’s”: Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan”: a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Non-U.S. Bank”: as defined in subsection 2.15(c)(ii).

“Note”: as defined in subsection 2.3(e).

“NYFRB”: the Federal Reserve Bank of New York.

“NYFRB Rate”: for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term “NYFRB Rate” means the rate for a federal funds transaction quoted at 11:00 A.M. on such day received by the Agent from a federal funds broker of recognized standing selected by it; provided further that if any of the aforesaid rates shall be less than zero, such rates shall be deemed to be zero.

“NYFRB’s Website”: the website of the NYFRB at <http://www.newyorkfed.org>, or any successor source.

“Other Connection Taxes”: with respect to the Agent or any Bank, taxes imposed as a result of a present or former connection between such Agent or Bank and the jurisdiction imposing such tax (other than connections arising from such Agent or Bank having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes”: all present or future stamp, court or documentary, intangible, recording, filing or similar taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to any Loan Document, except any such taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to subsection 2.18(c)).

“Overnight Bank Funding Rate”: for any day, the rate comprised of both overnight federal funds and overnight eurodollar borrowings denominated in Dollars by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on the NYFRB’s Website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

“Participant Register”: as defined in subsection 10.6(b).

“Participants”: as defined in subsection 10.6(b).

“Patriot Act”: as defined in subsection 10.14.

“Payment”: as defined in subsection 9.13(a).

“Payment Notice”: as defined in subsection 9.13(b).

“Payment Sharing Notice”: a written notice from the Company, or any Bank, informing the Agent that an Event of Default has occurred and is continuing and directing the Agent to allocate payments thereafter received from the Company in accordance with subsection 2.11(c).

“PBGC”: the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

“Person”: an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, estate, firm, enterprise, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Plan”: any employee benefit plan as defined in Section 3(3), and subject to Title IV of ERISA, and in respect of which the Company, any Subsidiary or any Control Group Person is (or, if such Plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Pricing Grid”: the Pricing Grid set forth in Schedule II.

“Primary Lead Arrangers”: JPMorgan and BofA Securities, Inc.

“Prime Rate”: the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Agent) or any similar release by the Board (as determined by the Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Prohibited Transaction”: as defined in Section 406 of ERISA and Section 4975(c) of the Code.

“Projections”: as defined in subsection 4.4(a).

“Protected Person”: as defined in subsection 10.5(a).

“PTE”: a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Purchasing Banks”: as defined in subsection 10.6(d).

“Reference Time”: with respect to any setting of the then-current Benchmark, (1) if such Benchmark is the Term SOFR Rate, 5:00 a.m. (Chicago time) on the day that is two Business Days preceding the date of such setting, (2) if such Benchmark is Daily Simple SOFR, then four Business Days prior to such setting and (3) if such Benchmark is not the Term SOFR Rate or Daily Simple SOFR, the time determined by the Agent in its reasonable discretion.

“Refinancing”: the refinancing of Indebtedness of certain Subsidiaries of the Company.

“Register”: as defined in subsection 10.6(e).

“Regulation U”: Regulation U of the Board.

“Regulation X”: Regulation X of the Board.

“Relevant Governmental Body”: the Board, the NYFRB or the CME Term SOFR Administrator, as applicable, or a committee officially endorsed or convened by the Board or the NYFRB, or, in each case, any successor thereto.

“Reportable Event”: any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under PBGC Reg. § 4043 as in effect on the date hereof (no matter how such notice requirement may be changed in the future).

“Required Banks”: (a) prior to the expiration or termination of the Commitments, Banks whose Commitment Percentages aggregate more than 50% and (b) after the Commitments have expired or been terminated, Banks whose outstanding Loans represent in the aggregate more than 50% of all outstanding Loans.

“Requirement of Law”: as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Resolution Authority”: an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer”: the chief executive officer, the president, any executive or senior vice president or vice president, the chief financial officer, treasurer or controller of the Company.

“S&P”: Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and any successor thereto.

“Sanctioned Person”: at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom, or other relevant sanctions authority, (b) any Person located, organized or resident in an Embargoed Jurisdiction or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions”: all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom, or other relevant sanctions authority.

“Significant Subsidiary”: at any particular time, any Subsidiary of the Company that would be a “significant subsidiary” of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the Securities and Exchange Commission.

“Single Employer Plan”: any Plan which is not a Multiemployer Plan.

“SOFR”: a rate per annum equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator”: the NYFRB (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website”: the website of the NYFRB, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“SOFR Determination Date”: as defined in the definition of “Daily Simple SOFR”.

“SOFR Rate Day”: as defined in the definition of “Daily Simple SOFR”.

“Subsidiary”: as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership, limited liability company or other entity are at the time owned, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company.

“Syndication Agent”: BofA.

“Synthetic Lease”: each arrangement, however described, under which the obligor accounts for its interest in the property covered thereby under GAAP as lessee of a lease which is not a capital lease under GAAP and accounts for its interest in the property covered thereby for Federal income tax purposes as the owner.

“Synthetic Lease Obligation”: as to any Person with respect to any Synthetic Lease at any time of determination, the amount of the liability of such Person in respect of such Synthetic Lease that would (if such lease was required to be classified and accounted for as a capital lease on a balance sheet of such Person in accordance with GAAP) be required to be capitalized on the balance sheet of such Person at such time.

“Taxes”: as defined in subsection 2.15(a).

“Term Benchmark”: when used in reference to any Loan, refers to whether such Loan, or the Loans comprising such borrowing, are bearing interest at a rate determined by reference to the Adjusted Term SOFR Rate.

“Term Benchmark Tranche”: the collective reference to Term Benchmark Loans having the same Interest Period (whether or not originally made on the same day).

“Term SOFR Determination Day”: as defined in the definition of “Term SOFR Reference Rate”.

“Term SOFR Rate”: with respect to any borrowing of Term Benchmark Loans and for any tenor comparable to the applicable Interest Period, the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, two U.S. Government Securities Business Days prior to the commencement of such tenor comparable to the applicable Interest Period, as such rate is published by the CME Term SOFR Administrator.

“Term SOFR Reference Rate”: for any day and time (such day, the “Term SOFR Determination Day”), with respect to any borrowing of Term Benchmark Loans denominated in Dollars

and for any tenor comparable to the applicable Interest Period, the rate per annum determined by the Agent as the forward-looking term rate based on SOFR. If by 5:00 pm (New York City time) on such Term SOFR Determination Day, the “Term SOFR Reference Rate” for the applicable tenor has not been published by the CME Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Rate has not occurred, then the Term SOFR Reference Rate for such Term SOFR Determination Day will be the Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate was published by the CME Term SOFR Administrator, so long as such first preceding Business Day is not more than five (5) Business Days prior to such Term SOFR Determination Day.

“Termination Date”: the second anniversary of the Closing Date (or, if such date is not a Business Day, the next succeeding Business Day).

“Total Consolidated Indebtedness”: at any time, the aggregate outstanding principal amount of Indebtedness of the Company and its Subsidiaries of the kinds referred to in clauses (a), (c) and (d) of the definition of “Indebtedness”, or of the kinds referred to in clauses (f) and (h) thereof to the extent relating to Indebtedness of the kinds referred to in clauses (a), (c) and (d) thereof, all computed in accordance with GAAP.

“Transactions”: collectively, (a) the funding of the Loans hereunder, (b) the Refinancing and (c) the payment of fees and expenses in connection with the foregoing.

“Transfer Effective Date”: with respect to an Assignment and Assumption, the effective date of such Assignment and Assumption.

“Transferee”: as defined in subsection 10.6(g).

“Type”: as to any Loan, its nature as an Alternate Base Rate Loan or Term Benchmark Loan.

“UK Financial Institution”: any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority”: the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement”: the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“U.S. Government Securities Business Day”: any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“U.S. Tax Compliance Certificate”: as defined in subsection 2.15(c)(ii)(C).

“Voting Stock”: with respect to any Person, Capital Stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of

directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such contingency.

“Waterside Building”: the real property located at 101 East Main Street, Louisville, Kentucky 40202, including the building housing insurance claim processing operations of the Company.

“Waterside Garage”: the parking garage of the Company located at 201 North Brook Street, Louisville, Kentucky 40202.

“Write-Down and Conversion Powers”: (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, accounting terms relating to the Company and its Subsidiaries not defined in subsection 1.1 and accounting terms partly defined in subsection 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP; provided that, if the Company notifies the Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Agent notifies the Company that the Required Banks request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then the Agent, the Banks and the Company shall negotiate in good faith to amend such provision to preserve the original intent thereof in light of such change in GAAP, and such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith; provided further that all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (i) any election under Accounting Standards Codification (“ASC”) 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at “fair value”, as defined therein and (ii) any treatment of Indebtedness in respect of convertible debt instruments under ASC 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof).

(c) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this

Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

1.3 Interest Rates. The interest rate on a Loan denominated in Dollars may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, Section 2.10(b) provides a mechanism for determining an alternative rate of interest. The Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the existing interest rate being replaced or have the same volume or liquidity as did any existing interest rate prior to its discontinuance or unavailability. The Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Company. The Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Company, any Bank or any other Person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.4 Divisions. For all purposes under this Agreement, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its equity interests at such time.

SECTION 2. AMOUNT AND TERMS OF LOANS

2.1 Term Loans.

(a) Subject to the terms and conditions hereof, each Bank severally agrees to make Loans in Dollars to the Company in a single drawing on the Closing Date, in an aggregate principal amount not to exceed the Commitment of such Bank. On the Closing Date (after giving effect to the incurrence of Loans), the Commitments of each Bank shall terminate and automatically be reduced to zero, irrespective of whether the aggregate amount of Loans made on the Closing Date is equal to or less than the aggregate amount of Commitments immediately prior to the making of the Loans. Amounts borrowed under this subsection 2.1 and repaid or prepaid may not be borrowed.

(b) The Company may borrow under the Commitments on any Business Day; provided that the Company shall give the Agent notice (which notice must be received by the Agent (i) prior to 1:00 P.M., New York City time, two Business Days prior to the requested Borrowing Date, in the case of Term Benchmark Loans, and (ii) prior to 1:00 P.M., New York City time, on the requested Borrowing Date, in the case of Alternate Base Rate Loans), specifying (A) the amount to be borrowed,

(B) the requested Borrowing Date and (C) whether the borrowing is to be of Term Benchmark Loans, Alternate Base Rate Loans, or a combination thereof. Upon receipt of such notice from the Company, the Agent shall promptly notify each Bank thereof. Each Bank will make the amount of its pro rata share of each borrowing available to the Agent for the account of the Company at the office of the Agent set forth in subsection 10.2 prior to 2:00 P.M. (or in the case of a same day borrowing of Alternate Base Rate Loans, 3:00 P.M.), New York City time, on the Borrowing Date requested by the Company in funds immediately available to the Agent. The proceeds of all such Loans will then be promptly made available to the Company by the Agent at such office of the Agent by crediting the account of the Company on the books of such office with the aggregate of the amounts made available to the Agent by the Banks.

2.2 [Reserved].

2.3 Repayment of Loans; Evidence of Debt.

(a) The Company hereby unconditionally promises to pay to the Agent for the account of each Bank the then unpaid principal amount of each Loan of such Bank on the Termination Date (or such earlier date on which the Loans become due and payable pursuant to Section 8). The Company hereby further agrees to pay interest on the unpaid principal amount of the Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in subsection 2.8.

(b) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Company to such Bank resulting from each Loan of such Bank from time to time, including the amounts of principal and interest payable and paid to such Bank from time to time under this Agreement.

(c) The Agent shall maintain the Register pursuant to subsection 10.6(e), and a subaccount therein for each Bank, in which shall be recorded (i) the amount of each Loan made hereunder, the Type thereof and each Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Company to each Bank hereunder and (iii) both the amount of any sum received by the Agent hereunder from the Company and each Bank's share thereof.

(d) The entries made in the Register and the accounts of each Bank maintained pursuant to subsection 2.3(b) shall, to the extent permitted by applicable law, absent manifest error, be prima facie evidence of the existence and amounts of the obligations of the Company therein recorded; provided, however, that the failure of any Bank or the Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Company to repay (with applicable interest) the Loans made to the Company by such Bank in accordance with the terms of this Agreement.

(e) The Company agrees that, upon the request to the Agent by any Bank, the Company will execute and deliver to such Bank a promissory note of the Company evidencing the Loans of such Bank, substantially in the form of Exhibit A with appropriate insertions as to payee, date and principal amount (a "Note").

2.4 Fees. The Company agrees to pay to each of the Agent and the Primary Lead Arrangers (and as applicable their Affiliates) the other fees in the amounts, and on the dates, agreed to by the Company and the Primary Lead Arrangers (and as applicable their Affiliates). The Agent will distribute to the Banks their respective portions of upfront fees paid by the Company to the Agent, as agreed between the Agent and each Bank.

2.5 Termination or Reduction of Commitments. The Company shall have the right, upon not less than three Business Days' notice to the Agent, to terminate the Commitments or, from time to time, to reduce ratably the amount of the Commitments. Any such reduction shall be in an amount of the lesser of (x) \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof and (y) the aggregate amount of Commitments then outstanding, and shall reduce permanently the amount of the Commitments then in effect.

2.6 Optional Prepayments. The Company may at any time and from time to time, prepay the Loans, in whole or in part, without premium or penalty (subject to the provisions of subsection 2.16), upon at least three Business Days' notice to the Agent in the case of Term Benchmark Loans and one Business Day's notice to the Agent in the case of Alternate Base Rate Loans, specifying the date and amount of prepayment and whether the prepayment is of Term Benchmark Loans or Alternate Base Rate Loans or a combination thereof, and if of a combination thereof, the amount of prepayment allocable to each; provided that such notice may be revocable and/or conditioned on the occurrence of a specified event. Upon receipt of such notice the Agent shall promptly notify each Bank thereof. If such notice is given, the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount prepaid. Partial prepayments shall be in an aggregate principal amount of the lesser of (x) \$5,000,000, or a whole multiple thereof, and (y) the aggregate principal amount of Loans then outstanding, and may only be made if, after giving effect thereto, subsection 2.7(c) shall not have been contravened.

2.7 Conversion Options; Minimum Amount of Loans.

(a) The Company may elect from time to time to convert Term Benchmark Loans to Alternate Base Rate Loans by giving the Agent at least two Business Days' prior irrevocable notice of such election (given before 10:00 A.M., New York City time, on the date on which such notice is required); provided that any such conversion of Term Benchmark Loans shall only be made on the last day of an Interest Period with respect thereto. The Company may elect from time to time to convert Alternate Base Rate Loans to Term Benchmark Loans by giving the Agent at least three Business Days' prior irrevocable notice of such election (given before 1:00 P.M., New York City time, on the date on which such notice is required). Upon receipt of such notice, the Agent shall promptly notify each Bank thereof. Promptly following the date on which such conversion is being made each Bank shall take such action as is necessary to transfer its portion of such Loans to its applicable lending office. All or any part of outstanding Term Benchmark Loans and Alternate Base Rate Loans may be converted as provided herein; provided that, unless the Required Banks otherwise agree, (i) no Loan may be converted into a Term Benchmark Loan when any Event of Default has occurred and is continuing, (ii) partial conversions shall be in an aggregate principal amount of \$5,000,000 or a whole multiple thereof and (iii) any such conversion may only be made if, after giving effect thereto, subsection 2.7(c) shall not have been contravened.

(b) Any Term Benchmark Loans may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Company with the notice provisions contained in subsection 2.7(a); provided that, unless the Required Banks otherwise agree, no Term Benchmark Loan may be continued as such when any Event of Default has occurred and is continuing, but shall be automatically converted to an Alternate Base Rate Loan on the last day of the then current Interest Period with respect thereto. The Agent shall notify the Banks promptly that such automatic conversion contemplated by this subsection 2.7(b) will occur.

(c) All borrowings, conversions, payments, prepayments and selection of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Loans comprising any Term Benchmark Tranche shall not be less than \$10,000,000. At no time shall there be more than fifteen Term Benchmark Tranches.

2.8 Interest Rate and Payment Dates for Loans.

(a) The Term Benchmark Loans comprising each Term Benchmark Tranche shall bear interest for each day during each Interest Period with respect thereto on the unpaid principal amount thereof at a rate per annum equal to the Adjusted Term SOFR Rate plus the Applicable Margin.

(b) Alternate Base Rate Loans shall bear interest for each day from and including the Borrowing Date thereof on the unpaid principal amount thereof at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(c) [Reserved].

(d) If all or a portion of (i) the principal amount of any Loans, (ii) any interest payable thereon or (iii) any fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is 2% above the Alternate Base Rate from the date of such non-payment until paid in full (after as well as before judgment). If all or a portion of the principal amount of any Loans shall not be paid when due (whether at stated maturity, by acceleration or otherwise), each Term Benchmark Loan shall, unless the Required Banks otherwise agree, be converted to an Alternate Base Rate Loan at the end of the last Interest Period with respect thereto.

(e) Interest shall be payable in arrears on each Interest Payment Date.

2.9 Computation of Interest and Fees.

(a) Interest in respect of Alternate Base Rate Loans shall be calculated on the basis of a (i) 365-day (or 366-day, as the case may be) year for the actual days elapsed when such Alternate Base Rate Loans are based on the Prime Rate and (ii) a 360-day year for the actual days elapsed when based on the Term SOFR Rate or the Federal Funds Effective Rate (or NYFRB Rate). Interest in respect of Term Benchmark Loans shall be calculated on the basis of a 360-day year for the actual days elapsed. The Agent shall as soon as practicable notify the Company and the Banks of each determination of the Adjusted Term SOFR Rate. Any change in the interest rate on a Loan resulting from a change in the Alternate Base Rate, the Adjusted Term SOFR Rate or Term SOFR Rate or the Applicable Margin shall become effective as of the opening of business on the day on which such change in the Alternate Base Rate, the Adjusted Term SOFR Rate or the Term SOFR Rate is announced or such Applicable Margin changes as provided herein, as the case may be. The Agent shall as soon as practicable notify the Company and the Banks of the effective date and the amount of each such change.

(b) Each determination of an interest rate by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Agent shall, at the request of the Company, deliver to the Company a statement showing the quotations used by the Agent in determining any interest rate pursuant to subsection 2.8.

2.10 Inability to Determine Interest Rate.

(a) Subject to clauses (b) through (f) of this subsection 2.10, in the event that:

(i) the Agent shall have determined in its reasonable judgment (which determination shall be conclusive and binding upon the Company) that adequate and reasonable means do not exist for ascertaining the Adjusted Term SOFR Rate or the Term SOFR Rate (including because the Term SOFR Reference Rate is not available or published on a current basis) for any requested Interest Period; or

(ii) the Agent shall have received notice prior to the first day of such Interest Period from Banks constituting the Required Banks that the interest rate determined pursuant to subsection 2.8(a) for such Interest Period does not accurately reflect the cost to such Banks (as conclusively certified by such Banks) of making or maintaining their affected Loans during such Interest Period;

then the Agent shall give notice thereof to the Company and the Banks by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until (x) the Agent notifies the Company and the Banks that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Company delivers a new interest election request in accordance with the terms of Section 2.7, any interest election request that requests the conversion of any borrowing to, or continuation of any borrowing as, a borrowing of Term Benchmark Loans and any request for a borrowing of Term Benchmark Loans shall instead be deemed to be an interest election request or a request for a borrowing, as applicable, for a borrowing of Alternate Base Rate Loans; provided that if the circumstances giving rise to such notice affect only one Type of borrowings, then all other Types of borrowings shall be permitted. Furthermore, if any Term Benchmark Loan is outstanding on the date of the Company's receipt of the notice from the Agent referred to in this Section 2.10(a) with respect to the Adjusted Term SOFR Rate, then until (x) the Agent notifies the Company and the Banks that the circumstances giving rise to such notice no longer exist with respect to the Adjusted Term SOFR Rate and (y) the Company delivers a new interest election request in accordance with the terms of Section 2.7, any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), be converted by the Agent to, and shall constitute, an Alternate Base Rate Loan on such day.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any other Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any other Loan Document in respect of any Benchmark setting at or after 5:00 P.M., New York City time, on the fifth Business Day after the date notice of such Benchmark Replacement is provided to the Banks without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Banks comprising the Required Banks.

(c) Notwithstanding anything to the contrary herein or in any other Loan Document, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(d) The Agent will promptly notify the Company and the Banks of (i) any occurrence of a Benchmark Transition Event, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (f) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent

or, if applicable, any Bank (or group of Banks) pursuant to this subsection 2.10, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this subsection 2.10.

(e) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) Upon the Company's receipt of notice of the commencement of a Benchmark Unavailability Period, the Company may revoke any request for a borrowing of Term Benchmark Loans, conversion to or continuation of Term Benchmark Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Company will be deemed to have converted any such request into a request for a borrowing of or conversion to Alternate Base Rate Loans. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate. Furthermore, if any Term Benchmark Loan is outstanding on the date of the Company's receipt of notice of the commencement of a Benchmark Unavailability Period, then until such time as a Benchmark Replacement is implemented pursuant to this subsection 2.10, then on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), such Loan shall be converted by the Agent to, and shall constitute, an Alternate Base Rate Loan on such day.

2.11 Pro Rata Borrowings and Payments.

(a) Each borrowing by the Company of Loans shall be made ratably from the Banks in accordance with their Commitment Percentages.

(b) Whenever any payment received by the Agent under this Agreement is insufficient to pay in full all amounts then due and payable to the Agent and the Banks under this Agreement, and the Agent has not received a Payment Sharing Notice (or if the Agent has received a Payment Sharing Notice but the Event of Default specified in such Payment Sharing Notice has been cured or waived), such payment shall be distributed and applied by the Agent and the Banks in the following order: first, to the payment of fees and expenses due and payable to the Agent under and in connection with this Agreement; second, to the payment of all expenses due and payable under subsection 10.5(b), ratably among the Banks in accordance with the aggregate amount of such payments owed to each such Bank; third, to the payment of interest then due and payable on the Loans, ratably among the Banks in accordance with the aggregate amount of interest owed to each such Bank; and fourth, to the

payment of the principal amount of the Loans which is then due and payable, ratably among the Banks in accordance with the aggregate principal amount owed to each such Bank.

(c) After the Agent has received a Payment Sharing Notice which remains in effect, all payments received by the Agent under this Agreement shall be distributed and applied by the Agent and the Banks in the following order: first, to the payment of all amounts described in clauses first and second of the foregoing paragraph (b), in the order set forth therein; and second, to the payment of the interest accrued on and the principal amount of all of the Loans regardless of whether any such amount is then due and payable, ratably among the Banks in accordance with the aggregate accrued interest plus the aggregate principal amount owed to each such Bank.

(d) All payments (including prepayments) to be made by the Company on account of principal, interest and fees shall be made without set-off or counterclaim and shall be made to the Agent, for the account of the Banks, at the Agent's office set forth in subsection 10.2, in lawful money of the United States of America and in immediately available funds. The Agent shall distribute such payments to the Banks promptly upon receipt in like funds as received. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

(e) Unless the Agent shall have been notified in writing by any Bank prior to a Borrowing Date that such Bank will not make the amount which would constitute its Commitment Percentage of the borrowing of Loans on such date available to the Agent, the Agent may assume that such Bank has made such amount available to the Agent on such Borrowing Date, and the Agent may, in reliance upon such assumption, make available to the Company a corresponding amount. If such amount is made available to the Agent on a date after such Borrowing Date, such Bank shall pay to the Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period as quoted by the Agent, times (ii) the amount of such Bank's Commitment Percentage of such borrowing, times (iii) a fraction the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which such Bank's Commitment Percentage of such borrowing shall have become immediately available to the Agent and the denominator of which is 360. A certificate of the Agent submitted to any Bank with respect to any amounts owing under this subsection 2.11(e) shall be conclusive, absent manifest error. If such Bank's Commitment Percentage of such borrowing is not in fact made available to the Agent by such Bank within three Business Days of such Borrowing Date, the Agent shall be entitled to recover such amount with interest thereon at the rate per annum applicable to Alternate Base Rate Loans hereunder, on demand, from the Company.

(f) If, and for so long as, any Bank shall fail to make any payment required to be made by it pursuant to subsection 2.11(e) or 9.7, then the Agent may, in its discretion and notwithstanding any contrary provision hereof, apply any amounts thereafter received by the Agent for the account of such Bank for the benefit of the Agent to satisfy such Bank's obligations to it under such subsection until all such unsatisfied obligations are fully paid.

2.12 Illegality. Notwithstanding any other provisions herein, if after the date hereof the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Bank to make or maintain Term Benchmark Loans as contemplated by this Agreement, (a) the Bank shall, within 30 Business Days after it becomes aware of such fact, notify the Company, through the Agent, of such fact, (b) the commitment of such Bank hereunder to make Term Benchmark Loans or convert Alternate Base Rate Loans to Term Benchmark Loans shall forthwith be cancelled and (c) such Bank's Loans then outstanding as Term Benchmark Loans, if any, shall be converted automatically to Alternate Base Rate Loans on the respective last days of the then current Interest Periods for such Loans or within such earlier period as required by law. Each Bank shall take

such action as may be reasonably available to it without material legal or financial disadvantage (including changing its lending office) to prevent the adoption of or any change in any such Requirement of Law from becoming applicable to it.

2.13 Requirements of Law. If after the date hereof the adoption of or any change in any Requirement of Law (including any rules or regulations issued under or implementing any existing law) or in the interpretation or application thereof or compliance by any Bank with any request or directive (whether or not having the force of law) after the date hereof from any central bank or other Governmental Authority:

(a) shall subject any Bank to any tax of any kind whatsoever with respect to this Agreement or any Term Benchmark Loans made by it, or change the basis of taxation of payments to such Bank of principal, facility fee, interest or any other amount payable hereunder in respect of Loans (except for Taxes covered by subsection 2.15 and taxes described in clauses (i) through (iv) of subsection 2.15(a));

(b) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Bank which are not otherwise included in the determination of the Adjusted Term SOFR Rate hereunder; or

(c) shall impose on such Bank any other condition;

and the result of any of the foregoing is to increase the cost to such Bank (or, in the case of clause (a), to such Bank), by any amount which such Bank (or, in the case of clause (a), such Bank) reasonably deems to be material, of making, renewing or maintaining advances or extensions of credit or to reduce any amount receivable hereunder, in each case, in respect thereof, then, in any such case, the Company shall after submission by such Bank (or, in the case of clause (a), such Bank), through the Agent, to the Company of a written request therefor (such request, which shall be conclusive and binding upon all parties in the absence of manifest error, shall include details reasonably sufficient to establish the basis for such additional cost or reduced amount receivable and shall be submitted to the Company within 30 Business Days after it becomes aware of such fact), the Company shall, within 30 days of such written request, pay such Bank (or, in the case of clause (a), such Bank) for such additional cost or reduced amount receivable; provided, however, that notwithstanding anything contained in this subsection 2.13 to the contrary, such Bank (or, in the case of clause (a), such Bank) shall not be entitled to receive any amounts pursuant to this subsection 2.13 that it is also entitled to pursuant to subsection 2.15(a). If a Bank (or, in the case of clause (a), a Bank) becomes entitled to claim any additional amounts pursuant to this subsection 2.13, it shall, within 30 Business Days after it becomes aware of such fact, notify the Company, through the Agent, of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by such Bank (or, in the case of clause (a), such Bank), through the Agent, to the Company shall be conclusive and binding in the absence of manifest error. Each Bank (or, in the case of clause (a), each Bank) shall take such action as may be reasonably available to it without legal or financial disadvantage (including changing its lending office) to prevent any such Requirement of Law or change from becoming applicable to it. This covenant shall survive the termination of this Agreement and payment of all other amounts payable hereunder.

2.14 Capital Adequacy.

(a) If any Bank shall have determined that after the date hereof the adoption of or any change in any Requirement of Law (including any rules or regulations issued under or implementing any existing law) regarding capital adequacy or liquidity or in the interpretation or application thereof or

compliance by such Bank or any corporation controlling such Bank with any request or directive after the date hereof regarding capital adequacy or liquidity (whether or not having the force of law) from any central bank or Governmental Authority, does or shall have the effect of reducing the rate of return on such Bank's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Bank or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy or liquidity) by an amount which is reasonably deemed by such Bank to be material, then from time to time, after submission by such Bank, through the Agent, to the Company of a written request therefor (such request, which shall be conclusive and binding upon all parties in the absence of manifest error, shall include details reasonably sufficient to establish the basis for such additional amounts payable and shall be submitted to the Company within 30 Business Days after it becomes aware of such fact), the Company shall, within 15 Business Days of such written request, pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction. The agreements in this subsection 2.14 shall survive the termination of this Agreement and payment of the Loans and all other amounts payable hereunder.

(b) Notwithstanding anything herein to the contrary (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a change in a Requirement of Law, regardless of the date enacted, adopted, issued or implemented.

2.15 Taxes.

(a) All payments made by or on behalf of the Company under this Agreement or any other Loan Document shall be made free and clear of, and without reduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, including any interest, addition to tax or penalties applicable thereto, excluding, in the case of the Agent and each Bank, (i) taxes imposed on or measured by net income (however denominated) and franchise taxes and branch profits taxes, in each case, imposed on the Agent or such Bank by the jurisdiction under the laws of which the Agent or such Bank (as the case may be) is organized or where its principal office is located, in each case, any political subdivision or taxing authority thereof or therein, or by any jurisdiction in which such Bank's applicable lending office is located or any political subdivision or taxing authority thereof or therein, or that are Other Connection Taxes, (ii) in the case of a Bank, U.S. federal withholding taxes imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (A) such Bank acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Company under subsection 2.18(c)) or (B) such Bank changes its lending office, except in each case to the extent that, pursuant to subsection 2.15, amounts with respect to such taxes were payable either to such Bank's assignor immediately before such Bank became a party hereto or to such Bank immediately before it changed its lending office (iii) taxes attributable to a failure by a Bank to comply with the form delivery and notice requirements of subsection 2.15(c) below and (iv) any withholding taxes imposed under FATCA (all such non-excluded taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Agent or any Bank hereunder or under any other Loan Document, (x) such amounts shall be paid to the relevant Governmental Authority in accordance with applicable law and (y) the amounts so payable to the

Agent or such Bank shall be increased to the extent necessary to yield to the Agent or such Bank (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the Notes as if such withholding or deduction had not been made. Whenever any Taxes are payable by the Company, as promptly as possible thereafter, the Company shall send to the Agent for its own account or for the account of such Bank, as the case may be, a certified copy of an original official receipt that is received by the Company showing payment thereof (or, if no official receipt is received by the Company, a statement of the Company indicating payment thereof). If the Company fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent the required receipts or other required documentary evidence, the Company shall indemnify the Agent and the Banks for any incremental taxes, interest or penalties that may become payable by the Agent or any Bank as a result of any such failure.

(b) The Company shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Agent timely reimburse it for the payment of, any Other Taxes.

(c) Any Bank that is entitled to an exemption from or reduction of withholding tax with respect to payments made under any Loan Document shall deliver to the Company and the Agent, at the time or times reasonably requested by the Company or the Agent, such properly completed and executed documentation reasonably requested by the Company or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by the Company or the Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Agent as will enable the Company or the Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in subsections 2.15(c)(i), (ii) and (iv) below) shall not be required if in the Bank's reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

Without limiting the generality of the foregoing,

(i) any Bank that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Company and the Agent on or prior to the date on which such Bank becomes a party to this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Agent), executed copies of IRS Form W-9 certifying that such Bank is exempt from U.S. federal backup withholding tax;

(ii) any Bank that is not a "United States person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Bank") shall, to the extent it is legally entitled to do so, deliver to the Company and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Bank becomes a party to this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Agent), whichever of the following is applicable:

(A) in the case of a Non-U.S. Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S.

federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(B) executed copies of IRS Form W-8ECI;

(C) in the case of a Non-U.S. Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Non-U.S. Bank is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Company within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” related to the Company described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(D) to the extent a Non-U.S. Bank is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Bank is a partnership and one or more direct or indirect partners of such Non-U.S. Bank are claiming the portfolio interest exemption, such Non-U.S. Bank may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(iii) any Non-U.S. Bank shall, to the extent it is legally entitled to do so, deliver to the Company and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Bank becomes a party to this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company or the Agent to determine the withholding or deduction required to be made; and

(iv) If a payment made to a Bank under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Company and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Agent as may be necessary for the Company and the Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this subsection 2.15(c), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

Each Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company and the Agent of its legal inability to do so.

(d) Each Bank shall indemnify the Agent for the full amount of any taxes, levies, imposts, duties, charges, fees, deductions, withholdings or similar charges imposed by any Governmental

Authority that are attributable to such Bank and that are payable or paid by the Agent, together with all interest, penalties, reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Agent in good faith (but only to the extent that the Company has not already indemnified the Agent and without limiting the obligation of the Company to do so). A certificate as to the amount of such payment or liability delivered to any Bank by the Agent shall be conclusive absent manifest error.

(e) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any taxes as to which it has been indemnified pursuant to this subsection 2.15 (including by the payment of additional amounts pursuant to this subsection 2.15), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this subsection 2.15 with respect to the taxes giving rise to such refund), net of all out-of-pocket expenses (including taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (e) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the indemnified party in a less favorable net after-tax position than the indemnified party would have been in if the tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the indemnifying party or any other Person.

(f) The agreements in subsection 2.15 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.16 Indemnity. The Company agrees to indemnify each Bank and to hold each Bank harmless from any loss or expense (other than any loss of anticipated margin or profit) which such Bank may sustain or incur as a consequence of (a) failure by the Company to make a borrowing or conversion after the Company has given a notice of borrowing in accordance with subsection 2.1(b) or a notice of continuation or conversion pursuant to subsection 2.7, (b) failure by the Company to make any prepayment after the Company has given a notice in accordance with subsection 2.6 or (c) the making of a prepayment of a Term Benchmark Loan on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it to maintain its Term Benchmark Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained. Any Bank claiming any amount under this subsection 2.16 shall provide calculations, in reasonable detail, of the amount of its loss or expense. This covenant shall survive termination of this Agreement and payment of the outstanding Loans and all other amounts payable hereunder.

2.17 Application of Proceeds of Loans. The Company shall use the proceeds of the Loans for general corporate purposes, including (a) to consummate the Refinancing and/or (b) to pay fees and expenses in connection with the Transactions.

2.18 Notice of Certain Circumstances; Assignment of Loans Under Certain Circumstances.

(a) Any Bank claiming any additional amounts payable pursuant to subsection 2.13, 2.14 or 2.15 or exercising its rights under subsection 2.12, shall, in accordance with the respective provisions thereof, provide notice to the Company and the Agent. Such notice to the Company and the

Agent shall include details reasonably sufficient to establish the basis for such additional amounts payable or the rights to be exercised by the Bank.

(b) Any Bank claiming any additional amounts payable pursuant to subsection 2.13, 2.14 or 2.15 or exercising its rights under subsection 2.12, shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Company or to change the jurisdiction of its applicable lending office if the making of such filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the reasonable determination of such Bank, be otherwise disadvantageous in any material respect to such Bank.

(c) In the event that (i) the Company shall be required to make any additional payments to any Bank pursuant to subsections 2.13, 2.14 or 2.15 or any Bank shall exercise its rights under subsection 2.12, (ii) any Bank becomes a Defaulting Bank or (iii) any Bank does not consent to any proposed amendment, supplement, modification, consent or waiver of any provision of this Agreement or any other Loan Document that requires the consent of each of the Banks or each of the Banks affected thereby (so long as the consent of the Required Banks has been obtained), then the Company shall have the right at its own expense, upon notice to such Bank and the Agent, to require such Bank to transfer and to assign without recourse (in accordance with and subject to the terms of subsection 10.6) all its interest, rights and obligations under this Agreement to another financial institution (including any Bank) which shall assume such obligations; provided that (x) no such assignment shall conflict with any Requirement of Law, (y) such assuming financial institution shall pay to such Bank in immediately available funds on the date of such assignment the outstanding principal amount of such Bank's Loans together with accrued interest thereon and all other amounts accrued for its account or owed to it hereunder, including, but not limited to additional amounts payable under subsections 2.4, 2.12, 2.13, 2.14, 2.15 and 2.16 and (z) the Company shall be liable to such replaced Bank under subsection 2.16 if any Term Benchmark Loan owing to such replaced Bank shall be purchased other than on the last day of the Interest Period relating thereto.

2.19 [Reserved].

2.20 Defaulting Banks. Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Bank, then the following provisions shall apply for so long as such Bank is a Defaulting Bank:

(a) the Commitment and Aggregate Outstanding Extensions of Credit of such Defaulting Bank shall not be included in determining whether all Banks, all affected Banks or the Required Banks have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to subsection 10.1); provided that (i) such Defaulting Bank's Commitment may not be increased or extended without its consent and (ii) the principal amount of, or interest or fees payable on, Loans may not be reduced or excused or the scheduled date of payment may not be postponed as to such Defaulting Bank without such Defaulting Bank's consent; and

(b) in the event that the Agent and the Company each agrees that a Defaulting Bank has adequately remedied all matters that caused such Bank to be a Defaulting Bank, then on such date such Bank shall purchase at par such of the Loans of the other Banks as the Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with its Commitment Percentage; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Company while such Bank was a Defaulting Bank.

SECTION 3. [RESERVED]

SECTION 4. REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants, as of the Closing Date, that:

4.1 Corporate Existence; Compliance with Law. The Company (a) is (i) duly organized and validly existing and (ii) except to the extent that the failure to be in good standing would not reasonably be expected to result in a Material Adverse Effect, in good standing under the laws of the jurisdiction of its organization, (b) has the corporate or similar power and authority, and the legal right, to (i) make, deliver and perform the Loan Documents to which it is a party and (ii) own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged except, in the case of this clause (ii), to the extent the failure thereof would not reasonably be expected to result in a Material Adverse Effect and (c) is in compliance with all Requirements of Law, including, without limitation, HMO Regulations and Insurance Regulations, except to the extent that the failure to comply therewith would not have a Material Adverse Effect.

4.2 No Legal Obstacle to Agreement; Enforceability.

(a) Neither the execution and delivery of any Loan Document, nor the making by the Company of any borrowings hereunder, nor the consummation of any transaction herein or therein referred to or contemplated hereby or thereby nor the fulfillment of the terms hereof or thereof or of any agreement or instrument referred to in this Agreement, has constituted or resulted in or will (i) constitute or result in a breach of (A) the certificate of incorporation, by-laws or other organizational or governing documents of the Company, (B) any Requirement of Law, including without limitation, HMO Regulations and Insurance Regulations, or (C) any Contractual Obligation of the Company or any of its Subsidiaries, except in the case of clauses (B) and (C) where such breach would not reasonably be expected to have a Material Adverse Effect, or (ii) result in the creation under any agreement or instrument of any security interest, lien, charge or encumbrance upon any of the assets of the Company or any of its Subsidiaries.

(b) No approval, authorization or other action by any Governmental Authority, including, without limitation, HMO Regulators and Insurance Regulators, or any other Person is required to be obtained by the Company in connection with the execution, delivery and performance of this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, or the making of any borrowing by the Company hereunder.

(c) This Agreement has been, and each other Loan Document will be, duly executed and delivered on behalf of the Company.

(d) This Agreement constitutes, and each other Loan Document when executed and delivered will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.3 Litigation. Except as disclosed in the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2020 and the Company's Quarterly Report on Form 10-Q for its fiscal quarters ended March 31, 2021 and June 30, 2021, in each case, filed with the Securities and Exchange Commission and previously distributed to the Banks or filed with the Securities and Exchange Commission under EDGAR, as of the date hereof, there is no litigation, at law or in equity, or any proceeding before any federal, state, provincial or municipal board or other governmental or administrative agency, including without limitation, HMO Regulators and Insurance Regulators, pending

or to the knowledge of the Company threatened which, after giving effect to any applicable insurance, would reasonably be expected to have a Material Adverse Effect or which seeks to enjoin the consummation of any of the transactions contemplated by this Agreement or any other Loan Document, and no judgment, decree, or order of any federal, state, provincial or municipal court, board or other governmental or administrative agency, including without limitation, HMO Regulators and Insurance Regulators, has been issued against the Company or any Subsidiary which would reasonably be expected to result in a Material Adverse Effect.

4.4 Disclosure.

(a) Neither this Agreement nor any agreement, document, certificate or statement furnished to the Banks by the Company in connection herewith (including, without limitation, the information relating to the Company and its Subsidiaries included in the Confidential Information Memorandum dated October 2021 delivered in connection with the syndication of the credit facilities hereunder) contains as of the date hereof, taken as a whole together with all other information furnished to the Banks by the Company, any untrue statement of material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading (it being understood that the Company makes no representation or warranty in this sentence with respect to any projections, other forward looking information, industry information or general economic information). All financial projections concerning the Company and its Subsidiaries furnished to the Banks by or on behalf of the Company or any of the Company's representatives (the "Projections") have been prepared in good faith based upon reasonable assumptions at the time made and at the time the Projections are furnished to the Banks (it being understood that the Projections are subject to significant uncertainties and contingencies many of which are beyond the control of the Company, that no assurance can be given that the Projections will be realized, and that actual results may differ from projected results and that such differences may be material).

(b) As of the Closing Date, to the best knowledge of the Company and solely to the extent the Company qualifies as a "legal entity" customer under the Beneficial Ownership Regulation, the information included in any Beneficial Ownership Certification provided on or prior to the Closing Date to any Bank in connection with this Agreement is true and correct in all respects.

4.5 Anti-Corruption Laws and Sanctions. The Company has implemented and maintains in effect policies and procedures reasonably designed to promote and achieve compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Company, its Subsidiaries and their respective officers and directors, and to the knowledge of the Company, its employees and agents, are in compliance with Anti-Corruption Laws and Sanctions in all material respects. Neither the Company nor any of its Subsidiaries, nor to the knowledge of the Company and its Subsidiaries, any director, officer, employee, agent, Affiliate, or representative thereof, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

4.6 Financial Condition. The Company has furnished to the Agent and each Bank, or filed with the Securities and Exchange Commission under EDGAR, copies of the following:

(a) the Annual Report of the Company on Form 10-K (and all amendments thereto) for the fiscal year ended December 31, 2020; and

(b) the Quarterly Report of the Company on Form 10-Q (and all amendments thereto) for the fiscal quarters ended March 31, 2021 and June 30, 2021.

The financial statements included therein, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein). As of the date of such financial statements, neither the Company nor any of its Subsidiaries had any known contingent liabilities of any significant amount which, in accordance with GAAP, is not disclosed in said financial statements or in the notes thereto which would reasonably be expected to have a Material Adverse Effect. During the period from December 31, 2020 to and including the Closing Date, there has been no sale, transfer or other disposition by the Company or any of its consolidated Subsidiaries of any asset reflected on the balance sheet referred to above that would have been a material part of its business or property and no purchase or other acquisition of any business or property (including any Capital Stock of any other Person) material in relation to the consolidated financial condition of the Company and its consolidated Subsidiaries at December 31, 2020 other than as disclosed in Schedule IV.

4.7 Changes in Condition. Since December 31, 2020, there has been no development or event nor any prospective development or event, which has had, or would reasonably be expected to have, a Material Adverse Effect.

4.8 Solvency. As of the Closing Date, the matters set forth in the certificate delivered to the Agent pursuant to subsection 5.1(m) are true and correct.

4.9 [Reserved].

4.10 [Reserved].

4.11 [Reserved].

4.12 Margin Regulations. No part of the proceeds of any Loans will be used in any transaction or for any purpose which violates the provisions of Regulations U or X as now and from time to time hereafter in effect. The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

4.13 Investment Company Act. The Company is not an “investment company” registered or required to be registered under the Investment Company Act of 1940, as amended.

4.14 [Reserved].

4.15 [Reserved].

4.16 Affected Financial Institutions. The Company is not an Affected Financial Institution.

SECTION 5. CONDITIONS

5.1 Conditions to the Closing Date. The obligations of each Bank to make the Loans contemplated by subsection 2.1 shall be subject to the compliance by the Company with its agreements herein contained and to the satisfaction of the following conditions:

(a) Credit Agreement. The Agent shall have received this Agreement, executed and delivered by a duly authorized officer of the Company, the Agent and each Bank.

(b) Legal Opinions. The Agent shall have received opinions rendered by (i) in-house counsel to the Company and (ii) Fried, Frank, Harris, Shriver & Jacobson LLP, counsel to the Company, in each case in form and substance reasonably satisfactory to the Agent.

(c) Closing Date Certificate. The Agent shall have received, with a copy for each Bank, a Closing Date Certificate, substantially in the form of Exhibit D and dated the Closing Date, executed by a Responsible Officer.

(d) Financial Statements. The Agent shall have received for the Company (a) GAAP audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows for the three most recent fiscal years ended at least 60 days prior to the Closing Date and (b) GAAP unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows for each subsequent fiscal quarter ended at least 40 days before the Closing Date, which financial statements shall meet the requirements of Regulation S-X under the Securities Act of 1933, as amended, and all other accounting rules and regulations of the SEC promulgated thereunder applicable to a registration statement under such Act on Form S-1; provided that the filing of the required financial statements on Form 10-K and Form 10-Q by the Company will be deemed to satisfy the foregoing requirements.

(e) Fees and Expenses. The Primary Lead Arrangers, the Agent and the Banks shall have received all fees and expenses required to be paid on or prior to the Closing Date pursuant to this Agreement and any other agreement or fee letter related to the Loans to the extent a reasonably detailed invoice has been delivered to the Company at least two business days prior to the Closing Date.

(f) Corporate Proceedings. The Agent shall have received, with a copy for each Bank, a copy of the resolutions, in form and substance reasonably satisfactory to the Agent, of the board of directors of the Company authorizing (i) the execution, delivery and performance of this Agreement and (ii) the borrowings contemplated hereunder, certified by the Secretary or an Assistant Secretary of the Company as of the Closing Date, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded and shall be in form and substance reasonably satisfactory to the Agent.

(g) Corporate Documents. The Agent shall have received true and complete copies of the certificate of incorporation and bylaws of the Company, certified as of the Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of the Company.

(h) Incumbency Certificate. The Agent shall have received a certificate of the Secretary or an Assistant Secretary of the Company, dated the Closing Date, as to the incumbency and signature of the officers of the Company executing each Loan Document and any certificate or other document to be delivered by it pursuant hereto and thereto, together with evidence of the incumbency of such Secretary or Assistant Secretary.

(i) Good Standing Certificate. The Agent shall have received a copy of a certificate dated as of a recent date from the Secretary of State or other appropriate authority of such jurisdiction, evidencing the good standing of the Company in its jurisdiction of incorporation.

(j) No Default; Representations. No Default or Event of Default shall have occurred and be continuing on the Closing Date. Each of the representations and warranties made by the Company and its Subsidiaries in this Agreement or pursuant to the other Loan Documents shall be true and correct in all material respects (or if already qualified by materiality or Material Adverse Effect, in all respects) on and as of such date as if made on and as of such date.

(k) Know-Your Customer. At least three Business Days prior to the Closing Date, the Agent shall have received all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested by the Agent or the Banks (through the Agent) at least

ten Business Days prior to the Closing Date. Solely to the extent the Company qualifies as a “legal entity” customer under the Beneficial Ownership Regulation, the Company shall have delivered to each requesting Bank at least three Business Days prior to the Closing Date (to the extent request by such Bank at least ten Business Days prior to the Closing Date) a Beneficial Ownership Certification in relation to the Company.

(l) Refinancing. The Refinancing shall have been consummated substantially concurrently with the funding of the Loans.

(m) Solvency. The Agent shall have received a certificate from the chief financial officer of the Company, in the form attached hereto as Exhibit B, certifying that the Company and its Subsidiaries, on a consolidated basis after giving effect to the Transactions and the other transactions contemplated hereby, are solvent.

(n) Notice. The Company shall have provided the Agent a notice requesting a borrowing of Loans in accordance with this Agreement.

SECTION 6. AFFIRMATIVE COVENANTS

The Company hereby agrees that, from and after the Closing Date and so long as the Commitments remain in effect, any Loan remains outstanding and unpaid or any other amount is owing to any Bank or the Agent hereunder (other than contingent obligations for which no claim has been made), the Company shall and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries to:

6.1 Taxes, Indebtedness, etc. (a) Duly pay, discharge or otherwise satisfy, or cause to be paid, discharged or otherwise satisfied, before the same shall become in arrears, all taxes, assessments, levies and other governmental charges imposed upon such Person and its properties, sales and activities, or any part thereof, or upon the income or profits therefrom, that if not paid, would reasonably be expected to have a Material Adverse Effect; provided, however, that any such tax, assessment, charge or levy need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Company or the Subsidiary in question shall have set aside on its books appropriate reserves in conformity with GAAP with respect thereto; and (b) promptly pay when due, or in conformance with customary trade terms, all other Indebtedness, liabilities and other obligations of whatever nature incident to its operations, that if not paid, would reasonably be expected to have a Material Adverse Effect; provided, however, that any such Indebtedness, liability or obligation need not be paid if the validity or amount thereof shall currently be contested in good faith and if the Company or the Subsidiary in question shall have set aside on its books appropriate reserves in conformity with GAAP with respect thereto.

6.2 Maintenance of Properties; Maintenance of Existence. Keep its properties in good repair, working order and condition, ordinary wear and tear excepted, except where failure to do so would not reasonably be expected to have a Material Adverse Effect; and in the case of the Company or any Subsidiary of the Company while such Person remains a Subsidiary, do all things necessary to preserve, renew and keep in full force and effect and in good standing its corporate existence and all rights, privileges and franchises necessary to continue such businesses, except where failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.3 Insurance. Maintain or cause to be maintained insurance, with credit worthy insurance companies including any Subsidiary which is engaged in the business of providing insurance protection, or self-insure, against such risks and in such amounts as are usually maintained or insured

against by other corporations engaged in the same or a similar business or consistent with the Company's past practice.

6.4 Financial Statements. Furnish (or make available via the IntraLinks website or the Securities and Exchange Commission EDGAR website) the following to the Agent and each Bank (if not provided via IntraLinks):

(a) Annual Statements. As soon as available, and in any event within 100 days after the end of each fiscal year, the consolidated balance sheet as at the end of each fiscal year and consolidated statements of profit and loss and of retained earnings for such fiscal year of the Company and its Subsidiaries, together with comparative consolidated figures for the next preceding fiscal year, accompanied by reports or certificates of PricewaterhouseCoopers LLP, or, if they cease to be the auditors of the Company, of other independent public accountants of national standing and reputation, to the effect that such balance sheet and statements were prepared in accordance with GAAP consistently applied and fairly presents in all material respects the financial position of the Company and its Subsidiaries as at the end of such fiscal year and the results of their operations and changes in financial position for the year then ended. In addition, such financial statements shall be accompanied by a certificate of the treasurer of the Company containing computations showing compliance with subsection 7.1 and certifying that no Default or Event of Default is then continuing (or, if a Default or Event of Default is then continuing, setting forth the nature of such Default or Event of Default).

(b) Quarterly Statements. As soon as available, and in any event within 55 days after the close of each of the first three fiscal quarters of the Company and its Subsidiaries in each year, the consolidated balance sheet as at the end of such fiscal quarter and consolidated statements of profit and loss and retained earnings for the portion of the fiscal year then ended, of the Company and its Subsidiaries, together with computations showing compliance with subsection 7.1, accompanied by a certificate of the treasurer of the Company that such statements and computations have been properly prepared in accordance with GAAP, consistently applied, and fairly present in all material respects the financial position of the Company and its Subsidiaries as at the end of such fiscal quarter and the results of their operations and changes in financial position for such quarter and for the portion of the fiscal year then ended, subject to normal audit and year-end adjustments and certifying that no Default or Event of Default is then continuing (or, if a Default or Event of Default is then continuing, setting forth the nature of such Default or Event of Default).

6.5 Certificates; Other Information. Furnish to the Agent and each Bank (or make available via the IntraLinks website or, to the extent available, the Securities and Exchange Commission EDGAR website):

(a) within five Business Days after the same are sent, copies of all financial statements and reports which the Company sends to its stockholders, and within five Business Days after the same are filed, copies of all financial statements and reports which the Company may make to, or file with, the Securities and Exchange Commission; and

(b) promptly, such additional financial and other information as the Agent may from time to time reasonably request on behalf of any Bank.

6.6 [Reserved].

6.7 Compliance with Laws. Comply with all Requirements of Law, except where the failure to comply therewith would not, in the aggregate, reasonably be expected to have a Material Adverse Effect and maintain in effect and enforce policies and procedures reasonably designed to

promote and achieve compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

6.8 Inspection of Property; Books and Records; Discussions. Keep proper books of records and account in which full, true and correct entries shall be made of all dealings and transactions material to the Company and its Subsidiaries, taken as a whole, in relation to its business and activities; and permit, upon reasonable notice, representatives of the Agent (or if an Event of Default has occurred and is continuing, any Bank) to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired (but in any event no more frequently than once in any twelve-month period unless an Event of Default has occurred and is continuing) and to discuss the business, operations, properties and financial and other condition of the Company and its Subsidiaries with officers and employees of the Company and its Subsidiaries; provided, however, that the inspection rights of the Agent and the Banks shall not extend to any information covered by attorney-client or other legal privilege or to the extent the exercise of such inspection rights would reasonably be expected to result in violation or other breach of any third-party confidentiality agreements.

6.9 Notices. Promptly give notice to the Agent and each Bank of the occurrence of any Default or Event of Default. Each notice pursuant to this subsection shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Company proposes to take with respect thereto.

SECTION 7. NEGATIVE COVENANTS

The Company hereby agrees that, from and after the Closing Date and so long as the Commitments remain in effect, any Loan remains outstanding and unpaid or any other amount is owing to any Bank or the Agent hereunder (other than contingent obligations for which no claim has been made), the Company shall not:

7.1 Financial Condition Covenant. Permit the Consolidated Capitalization Ratio on the last day of any fiscal quarter of the Company to be greater than 0.60 to 1.0; provided that (a) at any time after the definitive agreement for a Material Acquisition shall have been executed (or, in the case of a Material Acquisition in the form of a tender offer or similar transaction, after the offer shall have been launched) and prior to the consummation of such Material Acquisition (or termination of the definitive documentation in respect thereof (or such later date as such indebtedness ceases to constitute Acquisition Indebtedness as set forth in the definition of "Acquisition Indebtedness")), any Acquisition Indebtedness (and the proceeds from such Indebtedness) shall be excluded from the determination of the Consolidated Capitalization Ratio; provided that promptly following the incurrence thereof, the Company shall provide a certification to the Agent that the Acquisition Indebtedness (and the proceeds from any such Indebtedness) are to be used in connection with the consummation of such Material Acquisition; and (b) at the Company's election and upon written notice from the Company to the Agent within 30 days after the consummation of a Material Step-Up Acquisition, for the fiscal quarter in which such Material Step-Up Acquisition is consummated and each of the three fiscal quarters thereafter, the maximum Consolidated Capitalization Ratio pursuant to this subsection 7.1 shall increase to 0.65 to 1.0; provided that (i) the Company may increase the Consolidated Capitalization Ratio following the consummation of the Material Step-Up Acquisition not more than two times during the term of this Agreement and (ii) following any such increase, the maximum Consolidated Capitalization Ratio shall be 0.60 to 1.0 for at least two consecutive fiscal quarter end dates before the maximum Consolidated Capitalization Ratio may be increased to 0.65 to 1.0 again as a result of a subsequent Material Step-Up Acquisition.

7.2 Limitation on Subsidiary Indebtedness. Permit any of its Subsidiaries to create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of any Subsidiary to the Company or any other Subsidiary;

(b) Indebtedness of a Person (including, for the avoidance of doubt, each Person constituting the Kindred at Home Business) which becomes a Subsidiary after May 28, 2021, and any refinancings, refundings, renewals, amendments or extensions thereof that do not increase the outstanding principal amount thereof (other than increases in the principal amount to cover accrued interest, fees, prepayment premiums and transaction fees and expenses); provided that (i) such indebtedness existed at the time such Person became a Subsidiary and was not created in anticipation thereof and (ii) immediately before and after giving effect to the acquisition of such Person by the Company, no Event of Default under subsection 8.1(a) or 8.1(f) shall have occurred and be continuing;

(c) Indebtedness of the Kindred Hospice and Community Care Business, which in the Company's good faith determination is incurred in anticipation of a Kindred Hospice / Community Care Separation Transaction, and any refinancings, refundings, renewals, amendments or extensions thereof that do not increase the outstanding principal amount thereof (other than increases in the principal amount to cover accrued interest, fees, prepayment premiums and transaction fees and expenses); and

(d) additional Indebtedness of Subsidiaries of the Company not exceeding the greater of (i) \$2,250,000,000 and (ii) 15% of Consolidated Net Worth as of the date of incurrence (on a pro forma basis, for the avoidance of doubt, in accordance with the financial statements most recently reported by the Company pursuant to subsection 6.4 on or prior to such date or, if prior to the first report under subsection 6.4, as reported in the most recent financial statements delivered pursuant to subsection 5.1(d)), in aggregate principal amount at any one time outstanding, and any refinancings, refundings, renewals, amendments or extensions thereof that do not increase the outstanding principal amount thereof (other than increases in the principal amount to cover accrued interest, fees, prepayment premiums and transaction fees and expenses).

7.3 Limitation on Liens. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon any property of the Company or any of its Subsidiaries, whether now owned or hereafter acquired, except for:

(a) Liens, if any, securing the obligations of the Company under this Agreement, including Liens created under subsection 8.1;

(b) Liens for taxes, assessments, fees or governmental charges to the extent not required to be paid under subsection 6.1;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(d) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(e) Liens to secure the performance of bids, tenders, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, or to qualify to do business, maintain insurance or obtain other benefits, in each case incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions, leases of property to others, easements for installations of public utilities, title imperfections and restrictions, zoning ordinances and other similar

encumbrances affecting property which in the aggregate do not materially impair its use for the operation of the business of the Company or such Subsidiary;

(g) Liens in existence on the Closing Date securing Indebtedness in existence on the Closing Date (and the replacement, extension or renewal thereof upon or in the same property) and, with respect to Indebtedness in an aggregate amount in excess of \$50,000,000, listed on Schedule III; provided that no such Lien is spread to cover any additional property or any material improvements to the property after the Closing Date and that the amount of Indebtedness secured thereby is not increased;

(h) Liens securing Indebtedness of the Company and its Subsidiaries not prohibited hereunder incurred to finance the acquisition or improvement of fixed or capital assets, and the replacement, extension or renewal thereof upon or in the same property; provided that (i) such Liens shall be created within 270 days after the acquisition or improvement of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (iii) the principal amount of Indebtedness secured by any such Lien shall at no time exceed 100% of the original purchase price of such property;

(i) Liens on the property or assets of a Person (including, for the avoidance of doubt, each Person constituting the Kindred at Home Business) which becomes a Subsidiary after May 28, 2021, and the replacement, extension or renewal thereof upon or in the same property; provided that (i) such Liens existed at the time such Person became a Subsidiary and were not created in anticipation thereof and (ii) the amount of Indebtedness secured thereby, if any, is not increased, except in respect of commitments existing at the time such Person became a Subsidiary;

(j) Liens on the Headquarters, the Waterside Garage, the Clocktower Building and the Waterside Building;

(k) Liens securing Indebtedness of the Kindred Hospice and Community Care Business; provided that such Liens do not at any time encumber any property other than the assets of the Kindred Hospice and Community Care Business;

(l) usual and customary set off rights with respect to bank accounts and brokerage accounts in the ordinary course of business;

(m) statutory Liens in favor of lessors arising in connection with property leased to the Company or any of its Subsidiaries;

(n) Liens securing Indebtedness of a Subsidiary to the Company or another Subsidiary;

(o) Liens arising in the ordinary course of its business which do not secure Indebtedness and do not, in the aggregate, materially detract from the value of the business of the Company and its Subsidiaries, taken as a whole;

(p) Liens in favor of the United States of America, or any state thereof, to secure partial, progress, advance or other payments pursuant to any contract or provisions of any statute; and

(q) Liens not otherwise permitted under this subsection 7.3 securing obligations in an aggregate amount not exceeding at any time 15% of Consolidated Net Tangible Assets as of the date of incurrence (on a pro forma basis, for the avoidance of doubt, in accordance with the financial statements as most recently reported by the Company pursuant to subsection 6.4 on or prior to such date or, if prior

to the first report under subsection 6.4, as reported in the most recent financial statements delivered pursuant to subsection 5.1(d)).

7.4 Limitation on Mergers and Consolidations; Sale of Assets. Enter into any merger, consolidation or amalgamation, liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose (including by way of a division) all or substantially all of the property, business or assets (including, without limitation, receivables and leasehold interests) of the Company and its Subsidiaries taken as a whole, except:

(a) the Company may merge, consolidate or amalgamate into another Person owned by the Company for the purpose of causing the Company to be incorporated in a different jurisdiction;

(b) the Company may merge, consolidate or amalgamate into another Person; provided that (i) either (x) the Company shall be the continuing or surviving Person of such merger or (y) if the Company is not the survivor, (I) the Person which is the survivor shall be a Person organized under the laws of the United States of America, any State thereof or the District of Columbia, and shall expressly assume, pursuant to an instrument executed and delivered to the Agent, and in form and substance reasonably satisfactory to the Agent, all obligations of the Company under the Loan Documents, (II) the Agent shall have received such documents and certificates as it shall have reasonably requested in connection therewith and (III) such Person shall have delivered information and documentation of the type referred to in subsection 5.1(n) with respect to such Person, and (ii) immediately before and after giving effect to such merger no Default or Event of Default shall have occurred and be continuing; and

(c) (i) any Subsidiary may convey, sell, lease, assign, transfer or otherwise dispose of its property to the Company and (ii) so long as no Default or Event of Default shall have occurred and be continuing, the Company may convey, sell, lease, assign, transfer or otherwise dispose of all or substantially all of its property to a wholly-owned domestic Subsidiary that assumes all of the obligations of the Company under the Loan Documents pursuant to an instrument executed and delivered to the Agent, and in form and substance reasonably satisfactory to the Agent and with respect to which the Agent shall have received such documents and certificates as it shall have reasonably requested in connection therewith.

Notwithstanding the foregoing, the Company will not change its jurisdiction of organization to a jurisdiction that is not a state of the United States of America or the District of Columbia.

7.5 [Reserved].

7.6 [Reserved].

7.7 Anti-Corruption Laws; Sanctions Laws.

(a) Use, and shall ensure that its Subsidiaries and its or their respective directors, officers, employees and, to the knowledge of the Company, agents, shall not use the proceeds of the Loans directly, or to the knowledge of the Company, indirectly (i) for any purpose which would violate Anti-Corruption Laws, (ii) to fund, finance or facilitate any activities, business or transaction of or with any Sanctioned Person, or with or in any Embargoed Jurisdiction, where such actions would constitute a violation of applicable Sanctions if conducted by a corporation incorporated in the United States, the United Kingdom or a European Union member state or (iii) in any other manner that would result in a violation of any applicable Sanctions by any party hereto.

(b) Use, and shall ensure that its Subsidiaries shall not use, funds or assets obtained directly, or to the knowledge of the Company, indirectly from transactions with or otherwise relating to any Person located, organized or residing in any Embargoed Jurisdiction or who is otherwise the subject of Sanctions, or with any Embargoed Jurisdiction to pay or repay any amount owing to the Credit Party hereunder where such actions would constitute a violation of applicable Sanctions.

SECTION 8. DEFAULTS

8.1 Events of Default. Upon the occurrence of any of the following events:

(a) any default shall be made by the Company in any payment in respect of: (i) interest on any of the Loans or fee payable hereunder as the same shall become due and such default shall continue for a period of five Business Days; or (ii) any principal of the Loans as the same shall become due, whether at maturity, by prepayment, by acceleration or otherwise; or

(b) any default shall be made by either the Company or any Subsidiary of the Company in the performance or observance of any of the provisions of subsections 6.2 (relating to the maintenance of corporate existence of the Company only), 6.9, 7.1, 7.2, 7.3 and 7.4; or

(c) any default shall be made in the due performance or observance of any other covenant, agreement or provision to be performed or observed by the Company under this Agreement, and such default shall not be rectified or cured within a period of 30 days after the earlier of (i) a Responsible Officer of the Company having knowledge thereof and (ii) receipt of written notice from the Agent or any Bank of such default; or

(d) any representation or warranty made or deemed made by the Company herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall have been untrue in any material respect on or as of the date made and the facts or circumstances to which such representation or warranty relates shall not have been subsequently corrected to make such representation or warranty no longer incorrect in any material respect; or

(e) the Company or any Significant Subsidiary shall fail to make any payment (whether of principal or interest) in respect of any Indebtedness for borrowed money having an outstanding principal amount of \$250,000,000 (or its equivalent in any other currency) or more, when and as the same shall become due and payable; or any event or condition occurs that results in any outstanding Indebtedness for borrowed money of the Company or any Significant Subsidiary having an outstanding principal amount of \$250,000,000 (or its equivalent in any other currency) or more becoming due prior to its scheduled maturity, or that enables or permits the holder or holders of such Indebtedness or any trustee or agent on its or their behalf to cause such indebtedness to become due prior to its scheduled maturity; or

(f) either the Company or any Significant Subsidiary (including any group of Subsidiaries considered collectively in the aggregate, that would constitute a Significant Subsidiary) shall be involved in financial difficulties as evidenced:

(i) by its commencement of a voluntary case under Title 11 of the United States Code as from time to time in effect, or by its authorizing, by appropriate proceedings of its board of directors or other governing body, the commencement of such a voluntary case;

(ii) by the filing against it of a petition commencing an involuntary case under said Title 11 which shall not have been dismissed within 60 days after the date on which said petition is filed or by its filing an answer or other pleading within said 60-day period

admitting or failing to deny the material allegations of such a petition or seeking, consenting or acquiescing in the relief therein provided;

(iii) by the entry of an order for relief in any involuntary case commenced under said Title 11;

(iv) by its seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by its consenting to or acquiescing in such relief;

(v) by the entry of an order by a court of competent jurisdiction (A) finding it to be bankrupt or insolvent, (B) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of its creditors or (C) assuming custody of, or appointing a receiver or other custodian for, all or a substantial part of its property;

(vi) by its making an assignment for the benefit of, or entering into a composition with, its creditors, or appointing or consenting to the appointment of a receiver or other custodian for all or a substantial part of its property; or

(vii) by the Company or any of its Significant Subsidiaries (including any group of Subsidiaries considered collectively in the aggregate, that would constitute a Significant Subsidiary) generally not paying, or being unable to pay, or admitting in writing its inability to pay, its debts as they become due; or

(g) a Change in Control of the Company shall occur;

(h) (i) any Person shall engage in any non-exempt Prohibited Transaction involving any Plan, (ii) any failure to meet the minimum funding standards (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan, (iii) a Reportable Event shall occur with respect to a Single Employer Plan, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Banks, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Company, any Subsidiary or any Control Group Person shall, or in the reasonable opinion of the Required Banks shall be likely to, incur any liability in connection with a withdrawal from, or the termination or Insolvency of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist, with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(i) one or more judgments or decrees shall be entered against the Company or any of its Significant Subsidiaries and such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof that involves in the aggregate a liability (not paid or to the extent not covered by insurance) of \$250,000,000 or more; or

(j) [reserved]; or

(k) on or after the Closing Date, (i) for any reason this Agreement ceases to be or is not in full force and effect or (ii) the Company shall assert that this Agreement has ceased to be or is not in full force and effect;

then, and in any such event, (A) if such event is an Event of Default specified in paragraph (f) above with respect to the Company, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement (the “Bank Obligations”) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Banks, the Agent may, or upon the request of the Required Banks, the Agent shall, by notice to the Company, declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Banks, the Agent may, or upon the request of the Required Banks, the Agent shall, by notice of default to the Company, declare the Bank Obligations to be due and payable forthwith, whereupon the same shall immediately become due and payable.

8.2 Annulment of Defaults. An Event of Default shall not be deemed to be in existence for any purpose of this Agreement if the Agent, with the consent of or at the direction of the Required Banks, subject to subsection 10.1, shall have waived such event in writing or stated in writing that the same has been cured to its reasonable satisfaction, but no such waiver shall extend to or affect any subsequent Event of Default or impair any rights of the Agent or the Banks upon the occurrence thereof.

8.3 Waivers. The Company hereby waives to the extent permitted by applicable law (a) all presentments, demands for performance, notices of nonperformance (except to the extent required by the provisions hereof), protests, notices of protest and notices of dishonor in connection with any of the Loans, (b) any requirement of diligence or promptness on the part of any Bank in the enforcement of its rights under the provisions of this Agreement and (c) any and all notices of every kind and description which may be required to be given by any statute or rule of law.

8.4 Course of Dealing. No course of dealing between the Company and any Bank shall operate as a waiver of any of the Banks’ rights under this Agreement. No delay or omission on the part of any Bank in exercising any right under this Agreement or with respect to any of the Bank Obligations shall operate as a waiver of such right or any other right hereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No waiver or consent shall be binding upon any Bank unless it is in writing and signed by the Agent or such of the Banks as may be required by the provisions of this Agreement. The making of a Loan hereunder during the existence of a Default shall not constitute a waiver thereof.

SECTION 9. THE AGENT

9.1 Appointment. Each Bank hereby irrevocably designates and appoints JPMorgan as the Agent of such Bank under this Agreement, and each such Bank irrevocably authorizes JPMorgan, as the Agent for such Bank, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Agent, as the case may be, by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent.

9.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or

omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Company or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or for any failure of the Company to perform its obligations hereunder. The Agent shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Company.

9.4 Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks.

9.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Agent has received notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall promptly give notice thereof to the Banks. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks; provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

9.6 Non-Reliance on Agent and Other Banks. Each Bank expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Company, shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Company and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

9.7 Indemnification. The Banks agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Company and without limiting the obligation of the Company to do so), ratably according to the respective amounts of their then existing Commitments (or, if the Commitments have terminated, their then Aggregate Outstanding Extensions of Credit), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence, bad faith or willful misconduct. The agreements in this subsection shall survive the payment of the Loans and all other amounts payable hereunder.

9.8 Agent in Its Individual Capacity. The Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company as though the Agent were not the Agent hereunder. With respect to its Loans made by it or participated in by it, the Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall include the Agent in its individual capacity.

9.9 Successor Agent. The Agent may resign as Agent upon 30 days' notice to the Banks and the Company. If the Agent shall resign as Agent under this Agreement, then the Required Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be approved by the Company, whereupon such successor agent shall succeed to the rights, powers and duties of the Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation hereunder as Agent, the provisions of this subsection 9.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

9.10 Syndication Agent and Documentation Agents. The Syndication Agent and Documentation Agents shall not have any duties or responsibilities hereunder in their respective capacities as such.

9.11 No Fiduciary Relationship. Without limiting the foregoing, none of the Banks shall have or be deemed to have a fiduciary relationship with any other Bank.

9.12 Certain ERISA Matters.

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Company, that at least one of the following is and will be true:

(i) such Bank is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Bank is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Bank.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Bank or (2) a Bank has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Company, that Agent is not a fiduciary with respect to the assets of such Bank involved in such Bank's entrance into, participation in, administration of and performance of the Loans and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

9.13 Payments.

(a) Each Bank hereby agrees that (x) if the Agent notifies such Bank that the Agent has determined in its sole discretion that any funds received by such Bank from the Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Bank (whether or not known to such Bank), and demands the return of such Payment (or a portion thereof), such Bank shall promptly, but in no event later than one Business Day thereafter, return to the Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Bank to the date such amount is repaid to the Agent at the greater of the NYFRB Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Bank shall not assert, and hereby waives, as to the Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Agent to any Bank under this subsection 9.13(a) shall be conclusive, absent manifest error.

(b) Each Bank hereby further agrees that if it receives a Payment from the Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Bank agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Bank shall promptly notify the Agent of such occurrence and, upon demand from the Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Bank to the date such amount is repaid to the Agent at the greater of the NYFRB Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(c) The Company hereby agrees that (x) in the event an erroneous Payment (or portion thereof) is not recovered from any Bank that has received such Payment (or portion thereof) for any reason, the Agent shall be subrogated to all the rights of such Bank with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any obligations under this Agreement owed by the Company, except, in each case, to the extent such erroneous Payment is, and solely with respect to the amount of such erroneous Payment that is, comprised of funds received by the Agent from the Company for the purpose of making a payment hereunder and is not otherwise repaid or returned to the Company by the Agent, a Bank or any of their respective Affiliates whether pursuant to a legal proceeding or otherwise.

(d) Each party's obligations under this subsection 9.13 shall survive the resignation or replacement of the Agent or any transfer of rights or obligations by, or the replacement of, a Bank, the termination of the Commitments or the repayment, satisfaction or discharge of all obligations under the Loan Documents.

9.14 Posting of Communications.

(a) The Company agrees that the Agent may, but shall not be obligated to, make any Communications available to the Banks by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Agent to be its electronic transmission system (the "Approved Electronic Platform").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Agent from time to time (including, as of the Closing Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Banks and the Company acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Agent is not responsible for approving or vetting the representatives or contacts of any Bank that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Banks and the Company hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED "AS IS" AND "AS AVAILABLE". THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC

PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE AGENT, ANY LEAD ARRANGER, ANY DOCUMENTATION AGENT, ANY SYNDICATION AGENT OR ANY OF THEIR RESPECTIVE AFFILIATES OR THE RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND ADVISORS OF SUCH PERSON AND SUCH PERSON'S AFFILIATES (COLLECTIVELY, "APPLICABLE PARTIES") HAVE ANY LIABILITY TO THE COMPANY, ANY BANK OR ANY OTHER PERSON FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE COMPANY'S OR THE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.

(d) Each Bank agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Bank for purposes of the Loan Documents. Each Bank agrees (1) to notify the Agent in writing (which could be in the form of electronic communication) from time to time of such Bank's (as applicable) email address to which the foregoing notice may be sent by electronic transmission and (2) that the foregoing notice may be sent to such email address.

(e) Each of the Banks and the Company agrees that the Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Agent's generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Agent or any Bank to give any notice or other communication pursuant to this Agreement in any other manner specified herein.

SECTION 10. MISCELLANEOUS

10.1 Amendments and Waivers. Neither this Agreement nor any terms hereof may be amended, supplemented or modified except in accordance with the provisions of this subsection. With the written consent of the Required Banks, the Agent and the Company may, from time to time, enter into written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of the Banks or of the Company hereunder or waiving, on such terms and conditions as the Agent may specify in such instrument, any of the requirements of this Agreement or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (a) extend the maturity (whether as stated, by acceleration or otherwise) of any Loan or Commitment, or reduce the rate or extend the time of payment of interest thereon, or reduce or extend the payment of any fee payable to the Banks hereunder, or reduce the principal amount of any Loan, or change the amount of any Bank's Commitment, or amend, modify or waive any provision of subsection 2.11(a), (b) or (c), in each case without the consent of each Bank directly affected thereby, (b) amend, modify or waive any provision of this subsection 10.1 or reduce the percentage specified in the definition of Required Banks or consent to the assignment or transfer by the Company of any of its rights and obligations under this Agreement, in each case without the written consent of all the Banks, (c) amend, modify or waive any provision of Section 9 without the

written consent of the then Agent or (d) amend, modify or waive any provision of subsection 2.20 without the written consent of the Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Company, the Banks, the Agent and all future holders of any Loans or Commitments. In the case of any waiver, the Company, the Banks and the Agent shall be restored to their former position and rights hereunder, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding the foregoing, the Agent, with the prior written consent of the Company, may amend, modify or supplement any Loan Document without the consent of any Bank or the Required Banks in order to correct, amend or cure any ambiguity, inconsistency, omission, defect or error in any Loan Document and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Banks within three Business Days following receipt of notice thereof.

10.2 Notices.

(a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing, and, unless otherwise expressly provided herein and subject to paragraph (b) below, shall be deemed to have been duly given or made when delivered by hand, or three Business Days after being deposited in the mail, postage prepaid, or one Business Day after being deposited with an overnight courier service, addressed (i) in the case of notices, requests and demands to or upon the Company, the Agent, as set forth below and (ii) in the case of notices, requests and demands to or upon any Bank, as set forth in an administrative questionnaire delivered by such Bank to the Agent, or, in each case, to such other address as may be hereafter notified by the respective parties hereto:

The Company: Humana Inc.
 The Humana Building
 500 West Main Street
 Louisville, Kentucky 40202
 Attention: Alan J. Bailey
 Treasurer
 Telephone: (502) 580-1112
 Email: abailey@humana.com

with a copy to: Cindy Zipperle
 Vice President, Chief Accounting Officer and Controller
 Telephone: (502) 580-3938
 Email: czipperle@humana.com

The Agent: JPMorgan Chase Bank, N.A.
 500 Stanton Christiana Road, NCC5 / 1st Floor
 Newark, DE 19713
 Attention: Loan & Agency Services Group
 Telephone: 302-455-3768
 Email: bryan.a.cook@jpmchase.com

Agency Withholding Tax Inquiries:

Email: agency.tax.reporting@jpmorgan.com

Agency Compliance/Financials/Intralinks:

Email: covenant.compliance@jpmchase.com

with a copy to: JPMorgan Chase Bank, N.A.
383 Madison Avenue
New York, NY 10179
Attention: Gregory Martin and Carlos Rueda
Email: gregory.t.martin@jpmorgan.com and carlos.h.rueda@jpmorgan.com

provided that any notice, request or demand to or upon the Agent or the Banks pursuant to Section 2 shall not be effective until received. Notices delivered through Approved Electronic Platforms, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Company and the Banks hereunder may be delivered or furnished by using Approved Electronic Platforms pursuant to procedures approved by the Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Agent and the applicable Bank. The Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (ii) notices or communications posted to an Internet or intranet website (including any Approved Electronic Platform) shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement.

10.5 Limitation of Liability; Payment of Expenses and Taxes; Indemnity.

(a) The Company hereby agrees that none of the Agent, any Bank nor any of their respective Affiliates or their respective directors, officers, employees, advisors or agents or any Person, if any, who controls any one of the Agent or the Banks (each, a "Protected Person") shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Company for or in connection with or relating to this Agreement or the transactions contemplated hereby, except to the extent such liability is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Protected Person's gross negligence or willful misconduct; provided that nothing in this paragraph shall

be deemed to constitute a waiver of any claim the Company may have, or to exculpate any Person from any liability that such Person may have to the Company, for breach by such Person of its obligations under this Agreement. No Protected Person and none of the Company or any of its Subsidiaries shall be liable for any damages arising from the use by unauthorized persons of information or other materials sent through electronic, telecommunications or other information transmission systems (including any Approved Electronic Platform) that are intercepted by such persons or for any special, indirect, consequential or punitive damages in connection with this Agreement (it being understood that the foregoing shall not limit the Company's indemnification obligations set forth in paragraph (c) below).

(b) The Company agrees (i) to pay or reimburse the Agent for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and any other documents prepared in connection herewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable and documented out-of-pocket fees and disbursements of counsel to the Agent, and (ii) to pay or reimburse each Bank and the Agent for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement and any such other documents, including, without limitation, reasonable and documented out-of-pocket fees and disbursements of a single firm of counsel to the Agent and to the several Banks and if necessary, one firm of local counsel in each appropriate jurisdiction and one firm of special counsel in each appropriate specialty (and, in the case of an actual or perceived conflict of interest where the Person affected by such conflict informs the Company of such conflict and thereafter retains its own counsel, of one additional firm of counsel for all such affected Persons, including one such local counsel in each appropriate jurisdiction and one special counsel in each appropriate specialty).

(c) The Company will indemnify each of the Agent and the Banks and their respective Affiliates and the directors, officers, employees, advisors and agents thereof and each Person, if any, who controls each one of the Agent and the Banks (any of the foregoing, an "Indemnified Person") and hold each Indemnified Person harmless from and against any and all claims, damages, liabilities and expenses (including without limitation all reasonable and documented out-of-pocket fees and disbursements of a single firm of counsel to all Indemnified Persons and if necessary, one firm of local counsel in each appropriate jurisdiction and one firm of special counsel in each appropriate specialty (and, in the case of an actual or perceived conflict of interest where the Indemnified Person affected by such conflict informs the Company of such conflict and thereafter retains its own counsel, of one additional firm of counsel for all such affected Indemnified Persons, including one such local counsel in each appropriate jurisdiction and one special counsel in each appropriate specialty) which an Indemnified Person may incur or which may be asserted against it in connection with any claim, litigation, investigation or proceeding (whether or not such Indemnified Person is a party to such litigation or investigation) involving this Agreement, the use of any proceeds of any Loans under this Agreement by the Company or any Subsidiary or any officer, director or employee thereof, excluding litigation commenced by the Company against any of the Agent or the Banks which (i) seeks enforcement of any of the Company's rights hereunder and (ii) is determined adversely to any of the Agent or the Banks (all such non-excluded claims, damages, liabilities and expenses, "Indemnified Liabilities"); provided that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities to the extent such Indemnified Liabilities resulted from the gross negligence, bad faith or willful misconduct of such Indemnified Person, in each case, as determined by a final, non-appealable judgment of a court of competent jurisdiction. This paragraph (c) shall not apply with respect to taxes other than any taxes that represent losses, claims, damages, etc. arising from any non-tax claim.

(d) The agreements in this subsection 10.5 shall survive repayment of the Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations; Purchasing Banks.

(a) This Agreement shall be binding upon and inure to the benefit of the Company, the Banks, the Agent and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Bank.

(b) Any Bank other than a Conduit Lender may, in accordance with applicable law, at any time sell to one or more banks or other entities other than the Company or a Defaulting Bank or any of their respective Affiliates and Subsidiaries (“Participants”) participating interests in any Loans owing to such Bank, any Commitments of such Bank and/or any other interests of such Bank hereunder and under the other Loan Documents. In the event of any such sale by a Bank of a participating interest to a Participant, such Bank’s obligations under this Agreement to the other parties under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any Notes for all purposes under this Agreement, and the Company and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank’s rights and obligations under this Agreement and under the other Loan Documents. The Company agrees that if amounts outstanding under this Agreement are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of offset in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement; provided that such right of offset shall be subject to the obligation of such Participant to share with the Banks, and the Banks agree to share with such Participant, as provided in subsection 10.7. The Company also agrees that each Participant shall be entitled to the benefits of, and subject to the limitations of, subsections 2.13, 2.14 and 2.15 with respect to its participation in the Commitments and the Term Benchmark Loans outstanding from time to time; provided that no Participant shall be entitled to receive any greater amount pursuant to such subsections than the transferor Bank would have been entitled to receive in respect of the amount of the participation transferred by such transferor Bank to such Participant had no such transfer occurred, except to the extent such entitlement to receive a greater amount results from a change in law that occurs after the Participant acquired the applicable participation. No Participant shall be entitled to the benefits of subsection 2.15 unless such Participant complies with subsection 2.15(c) as if it were a Bank, and no Participant shall be entitled to consent to any amendment, supplement, modification or waiver of or to this Agreement, unless the same is an amendment, supplement, modification or waiver described in clause (a) of the proviso to subsection 10.1 which requires the consent of the Bank from which it purchased its participation (in which case the participation agreement may provide that such Bank must obtain the participant’s consent before approving any such amendment, supplement, modification or waiver). Each Bank that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Company, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans, Commitments and/or any other interests of such Bank hereunder and under the other Loan Documents (the “Participant Register”); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant’s interest in any Loans, Commitments and/or any other interests of such Bank hereunder and under the other Loan Documents) except to the extent that such disclosure is (i) necessary to establish that such Loan, Commitment or other interest is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or (ii) otherwise required by law or any Governmental Authority. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank and the Agent shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement.

(c) [Reserved].

(d) Any Bank other than a Conduit Lender may, in accordance with applicable law, at any time sell to one or more additional banks or financial institutions or Approved Funds other than, in each case, to a natural person or to the Company or to a Defaulting Bank or any of their respective Subsidiaries (“Purchasing Banks”) all or any part of its rights and/or obligations under this Agreement pursuant to an Assignment and Assumption, executed by such Purchasing Bank, such transferor Bank and the Agent (which consent shall not be unreasonably withheld) (and, in the case of a Purchasing Bank that is not then a Bank, a Lender Affiliate or an Approved Fund, by the Company (which consent shall not be unreasonably withheld)); provided, however, that (i) the Loans purchased by such Purchasing Bank that is not then a Bank, a Lender Affiliate or an Approved Fund shall be equal to or greater than \$5,000,000, (ii) the transferor Bank which has transferred less than all of its Loans to any such Purchasing Bank shall retain Loans in an aggregate principal amount, after giving effect to such sale, equal to or greater than \$10,000,000, (iii) no consent of the Company shall be required while an Event of Default under subsection 8.1(a) or 8.1(f) is continuing and (iv) the Company shall be deemed to have consented to any such assignment unless it shall object within fifteen Business Days after having received written notice thereof. For purposes of the proviso contained in the previous sentence, the amounts described therein shall be aggregated in respect of each Bank, its Lender Affiliates and Approved Funds, if any. Upon (i) such execution of such Assignment and Assumption, (ii) delivery of an executed copy thereof to the Company and (iii) payment by such Purchasing Bank, such Purchasing Bank shall for all purposes be a Bank party to this Agreement and shall have all the rights and obligations of a Bank under this Agreement, to the same extent as if it were an original party hereto with the principal amounts of outstanding Loans set forth in such Assignment and Assumption. Such Assignment and Assumption shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Bank and the resulting adjustment of principal amounts of outstanding Loans held by the applicable Banks arising from the purchase by such Purchasing Bank of all or a portion of the rights and obligations of such transferor Bank under this Agreement. Upon the consummation of any transfer to a Purchasing Bank, pursuant to this subsection 10.6(d), the transferor Bank, the Agent and the Company shall make appropriate arrangements so that, if required, replacement Notes are issued to such transferor Bank and new Notes or, as appropriate, replacement Notes, are issued to such Purchasing Bank, in each case in principal amounts reflecting their outstanding Loans as adjusted pursuant to such Assignment and Assumption. Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Bank hereunder without the consent of the Company or the Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this subsection 10.6(d).

(e) The Agent shall maintain at its address referred to in subsection 10.2 copy of each Assignment and Assumption delivered to it and a register (the “Register”) for the recordation of the names and addresses of the Banks and principal amount (and stated interest) of the Loans owing to, each Bank from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Company, the Agent and the Banks shall treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Bank (in the case of a Bank, only with respect to its Aggregate Outstanding Extensions of Credit) at any reasonable time and from time to time upon reasonable prior notice.

(f) Upon its receipt of an Assignment and Assumption executed by a transferor Bank, a Purchasing Bank and the Agent (and, in the case of a Purchasing Bank that is not then a Bank, a Lender Affiliate or an Approved Fund, by the Company (so long as no Event of Default under subsection 8.1(a) or 8.1(f) is continuing)) together with payment to the Agent of a registration and processing fee of \$3,500, the Agent shall (i) promptly accept such Assignment and Assumption and (ii) on the Transfer Effective Date determined pursuant thereto record the information contained therein in the Register and

give notice of such acceptance and recordation to the transferor Bank, the Purchasing Bank and the Company.

(g) The Company authorizes each Bank to disclose to any Participant or Purchasing Bank (each, a “Transferee”) and any prospective Transferee any and all financial information in such Bank’s possession concerning the Company which has been delivered to such Bank by the Company pursuant to this Agreement or which has been delivered to such Bank by the Company in connection with such Bank’s credit evaluation of the Company prior to entering into this Agreement so long as such Transferee agrees to comply with confidentiality provisions substantially the same as subsection 10.12.

(h) Upon any transfer, pursuant to this subsection 10.6, of any interest in this Agreement, the transferor Bank shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of subsection 2.15.

(i) For the avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this subsection 10.6 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests by a Bank, including to any Federal Reserve Bank, in accordance with applicable law; provided that no such pledge or assignment shall release such Bank from any of its obligations hereunder or substitute any such pledgee or assignee for such Bank as a party hereto.

(j) Each of the Company, each Bank and the Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Bank designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

10.7 Adjustments; Set-off.

(a) Except to the extent that this Agreement or a court order provides for payments to be allocated to a particular Bank or Banks, if any Bank (a “Benefitted Bank”) shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by offset, pursuant to events or proceedings of the nature referred to in subsection 8.1(f), or otherwise) in a greater proportion than any such payment to and collateral received by any other Bank, if any, in respect of such other Bank’s Loans, or interest thereon, such Benefitted Bank shall purchase for cash from the other Banks such portion of each such other Bank’s Loans then owing to it, or shall provide such other Banks with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefitted Bank to share the excess payment or benefits of such collateral or proceeds ratably with each of the Banks; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Bank, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Company agrees that each Bank so purchasing a portion of another Bank’s Loan may exercise all rights of a payment (including, without limitation, rights of offset) with respect to such portion as fully as if such Bank were the direct holder of such portion.

(b) In addition to any rights and remedies of the Banks provided by law, at any time when an Event of Default is in existence, each Bank shall have the right, without prior notice to the Company, any such notice being expressly waived by the Company to the extent permitted by applicable law, upon any amount becoming due and payable by the Company hereunder (whether at the stated

maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank, its Affiliates or any branch or agency thereof to or for the credit or the account of the Company, as the case may be. Each Bank agrees promptly to notify the Company and the Agent after any such setoff and application made by such Bank; provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.8 Counterparts. This Agreement and any other Loan Document may be executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to subsection 10.2), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words "execution", "signed", "signature", "delivery" and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; provided that nothing herein shall require the Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided further that without limiting the foregoing, to the extent the Agent has agreed to accept any Electronic Signature, the Agent and each of the Banks shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Company without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature. Without limiting the generality of the foregoing, the Company hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Agent, the Banks, and the Company, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Loan Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (B) agrees that the Agent and each of the Banks may, at its option, create one or more copies of this Agreement, any other Loan Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (C) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Loan Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (D) waives any claim against any Protected Person for any losses, claims (including intraparty claims), demands, damages or liabilities of any kind arising solely from the Agent's and/or any Bank's reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any losses, claims (including intraparty claims), demands, damages or liabilities of any kind arising as a result of the failure

of the Company to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

10.9 **GOVERNING LAW.** THIS AGREEMENT AND EACH OTHER LOAN DOCUMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND EACH OTHER LOAN DOCUMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.10 **WAIVERS OF JURY TRIAL.** THE COMPANY, THE AGENT AND THE BANKS EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

10.11 **Submission To Jurisdiction; Waivers.** The Company, the Agent and the Banks each hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in the Borough of Manhattan), and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to its address set forth in subsection 10.2 or at such other address of which the Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

10.12 **Confidentiality of Information.** Each Bank acknowledges that some of the information furnished to such Bank pursuant to this Agreement may be received by such Bank prior to the time such information shall have been made public, and each Bank agrees that it will keep all such non-public information so furnished confidential and shall make no use of such non-public information until it shall have become public, except (a) in connection with matters involving operations under or enforcement of this Agreement, (b) in accordance with each Bank's obligations under law or regulation or pursuant to subpoenas or other process to make information available to governmental or regulatory agencies and examiners or to others (in which case such Bank agrees to inform the Company promptly thereof prior to such disclosure to the extent not prohibited by law, rule or regulation and except with respect to any audit or examination conducted by bank accountants or any regulatory authority exercising examination or regulatory authority), (c) to each Bank's Affiliates, and its and their employees, agents, directors, officers and representatives (including accountants, legal counsel and other advisors) who need to know such information in connection with this Agreement to the extent such Persons are informed of the confidential nature of such information and are instructed to keep such information confidential, (d) to Transferees and prospective Transferees and to direct or indirect counterparties in connection with swaps or derivatives so long as such Persons agree to be bound by confidentiality provisions substantially the

same as this subsection 10.12, (e) with the prior written consent of the Company, (f) to the Agent, any other Bank or Affiliate thereof (with respect to Affiliates, to the extent such Affiliates need to know such information, are informed of the confidential nature of such information and are instructed to keep such information confidential), (g) if requested or required to do so in connection with any litigation or similar proceeding (in which case such Bank shall promptly notify the Company, in advance, to the extent not prohibited by law, rule or regulation), (h) that has been publicly disclosed other than by reason of disclosure by such Bank or its Affiliates, officers, directors, employees, agents or representatives in breach of this subsection 10.12, (i) in connection with the exercise of any remedy hereunder or under any other Loan Document, (j) to any rating agency when required by it; provided that, prior to any disclosure, such rating agency shall undertake in writing to preserve the confidentiality of any confidential information relating to the Company received by it from the Agent or any Bank, (k) on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans or (l) to market data collectors or similar service providers to the lending industry and service providers to the Agent and the Banks in connection with the administration and management of the Loan Documents.

10.13 [Reserved].

10.14 USA PATRIOT Act. Each Bank hereby notifies the Company that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Bank to identify the Company in accordance with the Patriot Act. The Company shall, promptly following a request by the Agent or any Bank, provide all documentation and other information that the Agent or such Bank reasonably requests and that is required to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

10.15 No Fiduciary Duty. The Agent, each Bank and their Affiliates (collectively, solely for purposes of this paragraph, the "Banks"), may have economic interests that conflict with those of the Company, its stockholders and/or its Affiliates. The Company agrees that nothing in this Agreement or the other Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Bank, on the one hand, and the Company, its stockholders or its Affiliates, on the other. The Company acknowledges and agrees that (i) the transactions contemplated by this Agreement and the other Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Banks, on the one hand, and the Company, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Bank has assumed an advisory or fiduciary responsibility in favor of the Company, its stockholders or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Bank has advised, is currently advising or will advise the Company, its stockholders or its Affiliates on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement and the other Loan Documents and (y) each Bank is acting solely as principal and not as the agent or fiduciary of the Company, its management, stockholders, creditors or any other Person. The Company acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Company agrees that it will not claim that any Bank has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

10.16 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

10.17 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

10.18 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by the Bank holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 10.18 shall be cumulated and the interest and Charges payable to such Bank in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the NYFRB Rate to the date of repayment, shall have been received by such Bank.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

HUMANA INC.

By: /s/ Alan J. Bailey
Name: Alan J. Bailey
Title: Vice President and Treasurer

[Signature Page to Term Loan Credit Agreement]

JPMORGAN CHASE BANK, N.A., as Agent and as a Bank

By: /s/ Gregory Martin

Name: Gregory Martin

Title: Executive Director

[Signature Page to Term Loan Credit Agreement]

BANK OF AMERICA, N.A., as a Bank

By: /s/ Joseph L. Corah

Name: Joseph L. Corah

Title: Director

[Signature Page to Term Loan Credit Agreement]

PNC BANK, NATIONAL ASSOCIATION, as a Bank

By: /s/ Paul Gleason

Name: Paul Gleason

Title: Vice President

[Signature Page to Term Loan Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION, as a Bank

By: /s/ Michael West

Name: Michael West

Title: Senior Vice President

[Signature Page to Term Loan Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Bank

By: /s/ Darin Mullis

Name: Darin Mullis

Title: Managing Director

[Signature Page to Term Loan Credit Agreement]

CITIBANK, N.A., as a Bank

By: /s/ Maureen Maroney

Name: Maureen P. Maroney

Title: Vice President

[Signature Page to Term Loan Credit Agreement]

TRUIST BANK, as a Bank

By: /s/ Anton Brykalin

Name: Anton Brykalin

Title: Director

[Signature Page to Term Loan Credit Agreement]

SUMITOMO MITSUI BANKING CORPORATION, as a Bank

By: /s/ Gail Motonaga

Name: Gail Motonaga

Title: Executive Director

[Signature Page to Term Loan Credit Agreement]

THE BANK OF NOVA SCOTIA, as a Bank

By: /s/ Aron Lau

Name: Aron Lau

Title: Director

[Signature Page to Term Loan Credit Agreement]

FIFTH THIRD BANK, NATIONAL ASSOCIATION, as a Bank

By: /s/ Nathaniel E. Sher

Name: Nathaniel E. (Ned) Sher

Title: Managing Director

[Signature Page to Term Loan Credit Agreement]

REGIONS BANK, as a Bank

By: /s/ E. Mark Hardison

Name: Mark Hardison

Title: Managing Director

[Signature Page to Term Loan Credit Agreement]

THE TORONTO-DOMINION BANK, NEW YORK BRANCH, as a Bank

By: /s/ Maria Macchiaroli

Name: Maria Macchiaroli

Title: Authorized Signatory

[Signature Page to Term Loan Credit Agreement]

THE BANK OF NEW YORK MELLON, as a Bank

By: /s/ John M. DiMarsico

Name: John M. DiMarsico

Title: Director

[Signature Page to Term Loan Credit Agreement]

UMB BANK, N.A., as a Bank

By: /s/ Cory Miller

Name: Cory Miller

Title: Senior Vice President

[Signature Page to Term Loan Credit Agreement]

KEYBANK NATIONAL ASSOCIATION, as a Bank

By: /s/ Jason A. Nichols

Name: Jason A. Nichols

Title: Vice President

[Signature Page to Term Loan Credit Agreement]

AGRICULTURAL BANK OF CHINA LIMITED, NEW YORK BRANCH, as a Bank

By: /s/ Nelson Chou

Name: Nelson Chou

Title: Senior Vice President & Head of Corporate Banking Department

[Signature Page to Term Loan Credit Agreement]

PRICING GRID

Pricing Level	Public Debt Ratings S&P/Moody's	Alternate Base Rate Margin	Term Benchmark Margin
Level 1	\geq A-/A3	0 bps	87.5 bps
Level 2	\geq BBB+/Baa1	0 bps	100.0 bps
Level 3	\geq BBB/Baa2	12.5 bps	112.5 bps
Level 4	\geq BBB-/Baa3	25.0 bps	125.0 bps
Level 5	< BBB-/Baa3	37.5 bps	137.5 bps

Pricing will be determined based upon the higher of the ratings from S&P or Moody's; provided that (i) in the event the Company's ratings are more than one Level apart, the pricing will be determined by using the rating which is one Level below the higher rating, (ii) if on any day the rating of only one of S&P or Moody's is available, then the Level of such rating shall be applicable for such day and (iii) if on any day a rating is available from neither of S&P or Moody's, then Level 5 shall be applicable for such day. Any change in the applicable Level resulting from a change in the rating of S&P or Moody's shall become effective on the date such change is publicly announced by S&P or Moody's, as applicable.

Schedule II – Pricing Grid

CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Bruce D. Broussard, principal executive officer of Humana Inc., certify that:

1. I have reviewed this Report of Humana Inc. (the "Company") on Form 10-Q for the period ending September 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2021

Signature: /s/ Bruce D. Broussard
Bruce D. Broussard
Principal Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Report of Humana Inc. (the "Company") on Form 10-Q for the period ending September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Humana Inc., that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Bruce D. Broussard

Bruce D. Broussard
Principal Executive Officer

November 3, 2021

/s/ Susan M. Diamond

Susan M. Diamond
Principal Financial Officer

November 3, 2021

A signed original of this written statement required by Section 906 has been provided to Humana Inc. and will be retained by Humana Inc. and furnished to the Securities and Exchange Commission or its staff upon request.