

HUMANA INC  
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Subject Company: Humana Inc.

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The following is a transcript from a video made available to Aetna employees:

#### **4 with Fran: Humana Script**

**July 2015**

**FINAL – recorded 7-17-15**

Hello. Thank you for joining me in this “4 with Fran” segment about Aetna’s recent announcement of its agreement to acquire Humana. During Mark’s All-Employee Meeting on July 7th, more than 500 questions came into the Communications mailbox and there was not enough time to answer all of them. I wanted to take a few minutes to answer the most frequently-asked questions by employees that directly focused on Government Services.

**One of the most common questions we received was, “How will having the headquarters for Medicaid, Medicare and TRICARE in Louisville impact Government Services employees?”**

I think that one of the most exiting aspects of this proposed transaction is how it will strengthen and diversify our NATIONAL presence in government programs. As a diverse national company, we will need to maintain locations across the country to support our business. Aetna continues to be headquartered in Hartford, with our Government Services headquarters in Bethesda. We are committed to maintaining a significant corporate presence in Louisville, KY and, after the transaction closes, Aetna will make Louisville the headquarters for its Medicare, Medicaid and TRICARE businesses.

We have operations across the country and remain committed to maintaining and building a strong national footprint. Having multiple locations is critical to meet the demand for new talent as we continue to grow our business into the future. Please be assured that we will be thoughtful in our approach with a goal to minimize disruption to our business.

**Many of you asked, “What does the acquisition mean to me and my job?”**

It’s important to remember that we continue to grow, and when the transaction closes it will set the stage for accelerated growth – so we will need to be adequately staffed. After the acquisition closes, Aetna’s Government businesses, which include Medicare and Medicaid, will make up 56% of the combined company’s projected annual revenues. [Graph represented below appears on screen.]

We plan to use many of our lessons learned in the Coventry acquisition to ensure we make sound decisions when it comes to our employees. We remain committed to retaining, attracting and supporting the best talent in our industry. Once the proposed transaction closes, the combined organization will be a more diversified company, offering career growth opportunities for our employees across multiple locations.

**A number of employees also asked whether we anticipate using the Aetna or Humana platforms for Medicare and Medicaid.**

After the proposed transaction closes, we will be able to take the best practices from both Aetna and Humana. A “best-of-the-best” approach will give us the opportunity to provide higher quality health care at lower cost, and will facilitate further investments in coordinated clinical engagement and value-based reimbursement models.

Regarding our platforms, we are committed to QNEXT for our Medicaid business. We recently called a time-out on the Medicare NextGen platform migration to allow for the thorough review of Humana’s platform capabilities. Once we have completed our due diligence efforts, we will determine the most appropriate solution for our Medicare membership.

**Finally, we had many employees ask, “What does this mean for our Pharmacy business?”**

After the proposed transaction closes, the combination of Aetna and Humana will create a leading health care services and pharmacy benefit franchise, serving members who use over 600 million prescriptions annually. As we work on integration plans over the next year, we will dedicate time and resources to determining the best solution to meet our members' prescription drug needs after the transaction closes.

In the meantime, we will continue our efforts to integrate the Coventry Part D business from ESI to CVS Health in time for the 2016 AEP season.

#### **[CLOSING]**

The proposed Humana transaction is expected to close in the second half of 2016, following regulatory and other required approvals. Until then it is business as usual, and both Aetna and Humana will remain, and continue to operate and compete as, separate companies. We will use the next 12-15 months to work on integration plans and make thoughtful decisions that will enable our businesses to remain competitive in the complex and evolving environments in which we operate. As we know more, we will share it with you.

Until then, we will remain focused on achieving our 2015 goals and setting the stage for a successful 2016. We have come too far in our businesses over the past few years to lose momentum now. Our Government businesses remain the growth engine for the enterprise and our coworkers, customers and members are counting on each of us to do our jobs with the integrity and excellence we have delivered in the first half of the year.

I am personally grateful for the contributions made by all of the Government Services employees, management and enterprise colleagues who have supported our work to position these businesses for sustainable profitable growth.

Thank you for your time today and for your ongoing focus on the people we are so privileged to serve.

#### **Important Information For Investors And Stockholders**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed transaction between Aetna Inc. ("Aetna") and Humana Inc. ("Humana"), Aetna and Humana will file relevant materials with the Securities and Exchange Commission (the "SEC"), including an Aetna registration statement on Form S-4 that will include a joint proxy statement of Aetna and Humana that also constitutes a prospectus of Aetna, and a definitive joint proxy statement/prospectus will be mailed to stockholders of Aetna and Humana. INVESTORS AND SECURITY HOLDERS OF AETNA AND HUMANA ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER

DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and other documents filed with the SEC by Aetna or Humana through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Aetna will be available free of charge on Aetna's internet website at <http://www.Aetna.com> or by contacting Aetna's Investor Relations Department at 860-273-8204. Copies of the documents filed with the SEC by Humana will be available free of charge on Humana's internet website at <http://www.Humana.com> or by contacting Humana's Investor Relations Department at 502-580-3644.

Aetna, Humana, their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Humana is set forth in its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 18, 2015, its proxy statement for its 2015 annual meeting of stockholders, which was filed with the SEC on March 6, 2015, and its Current Report on Form 8-K, which was filed with the SEC on April 17, 2015. Information about the directors and executive officers of Aetna is set forth in its Annual Report on Form 10-K for the year ended

December 31, 2014 (“Aetna’s Annual Report”), which was filed with the SEC on February 27, 2015, its proxy statement for its 2015 annual meeting of shareholders, which was filed with the SEC on April 3, 2015 and its Current Reports on Form 8-K, which were filed with the SEC on May 19, 2015 and May 26, 2015. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

### **Cautionary Statement Regarding Forward-Looking Statements**

This communication may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can generally identify forward-looking statements by the use of forward-looking terminology such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “explore,” “evaluate,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “will,” “would,” “could,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “will,” “would,” “could,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” the negative thereof or other variations thereon or comparable terminology. These forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond Aetna’s and Humana’s control.

Statements in this communication that are forward-looking, including Aetna’s projections as to the anticipated benefits of the pending transaction, are based on management’s estimates, assumptions and projections, and are subject to significant uncertainties and other factors, many of which are beyond Aetna’s and Humana’s control. Important risk factors could cause actual future results and other future events to differ materially from those currently estimated by management, including, but not limited to: the timing to consummate the proposed acquisition; the risk that a condition to closing of the proposed acquisition may not be satisfied; the risk that a regulatory approval that may be required for the proposed acquisition is delayed, is not obtained or is obtained subject to conditions that are not anticipated; Aetna’s ability to achieve the synergies and value creation contemplated by the proposed acquisition; Aetna’s ability to promptly and effectively integrate Humana’s businesses; the diversion of management time on acquisition-related issues; unanticipated increases in medical costs (including increased intensity or medical utilization as a result of flu or otherwise; changes in membership mix to higher cost or lower-premium products or membership-adverse selection; medical cost increases resulting from unfavorable changes in contracting or recontracting with providers (including as a result of provider consolidation and/or integration); and increased pharmacy costs (including in Aetna’s and Humana’s health insurance exchange products)); the profitability of Aetna’s and Humana’s public health insurance exchange products, where Aetna membership is higher than Aetna projected and may have more adverse health status and/or higher medical benefit utilization than Aetna and/or Humana projected; uncertainty related to Aetna’s accruals for health care reform’s reinsurance, risk adjustment and risk corridor programs (“3R’s”); the implementation of health care reform legislation, including collection of health care reform fees, assessments and taxes through increased premiums; adverse legislative, regulatory and/or judicial changes to or interpretations of existing health care reform legislation and/or regulations (including those relating to minimum MLR rebates); the implementation of health insurance exchanges; Aetna’s and Humana’s ability to offset Medicare Advantage and PDP rate pressures; and changes in Aetna’s and Humana’s future cash requirements, capital requirements, results of operations, financial condition and/or cash flows. Health care reform will continue to significantly impact Aetna’s business operations and financial results, including Aetna’s pricing and medical benefit ratios. Key components of the legislation will continue to be phased in through 2018, and Aetna will be required to dedicate material resources and incur material expenses during 2015 to implement health care reform. Certain

significant parts of the legislation, including aspects of public health insurance exchanges, Medicaid expansion, reinsurance, risk corridor and risk adjustment and the implementation of Medicare Advantage and Part D minimum medical loss ratios (“MLRs”), require further guidance and clarification at the federal level and/or in the form of regulations and actions by state legislatures to implement the law. In addition,

pending efforts in the U.S. Congress to amend or restrict funding for various aspects of health care reform, and litigation challenging aspects of the law continue to create additional uncertainty about the ultimate impact of health care reform. As a result, many of the impacts of health care reform will not be known for the next several years. Other important risk factors include: adverse changes in health care reform and/or other federal or state government policies or regulations as a result of health care reform or otherwise (including legislative, judicial or regulatory measures that would affect Aetna's and/or Humana's business model, restrict funding for or amend various aspects of health care reform, limit Aetna's and/or Humana's ability to price for the risk it assumes and/or reflect reasonable costs or profits in its pricing, such as mandated minimum medical benefit ratios, or eliminate or reduce ERISA preemption of state laws (increasing Aetna's and/or Humana's potential litigation exposure)); adverse and less predictable economic conditions in the U.S. and abroad (including unanticipated levels of, or increases in the rate of, unemployment); reputational or financial issues arising from Aetna's and/or Humana's social media activities, data security breaches, other cybersecurity risks or other causes; Aetna's ability to diversify Aetna's sources of revenue and earnings (including by creating a consumer business and expanding Aetna's foreign operations), transform Aetna's business model, develop new products and optimize Aetna's business platforms; the success of Aetna's Healthagen® (including Accountable Care Solutions and health information technology) initiatives; adverse changes in size, product or geographic mix or medical cost experience of membership; managing executive succession and key talent retention, recruitment and development; failure to achieve and/or delays in achieving desired rate increases and/or profitable membership growth due to regulatory review or other regulatory restrictions, the difficult economy and/or significant competition, especially in key geographic areas where membership is concentrated, including successful protests of business awarded to Aetna and/or Humana; failure to adequately implement health care reform; the outcome of various litigation and regulatory matters, including audits, challenges to Aetna's and/or Humana's minimum MLR rebate methodology and/or reports, guaranty fund assessments, intellectual property litigation and litigation concerning, and ongoing reviews by various regulatory authorities of, certain of Aetna's and/or Humana's payment practices with respect to out-of-network providers, other providers and/or life insurance policies; Aetna's ability to integrate, simplify, and enhance Aetna's existing products, processes and information technology systems and platforms to keep pace with changing customer and regulatory needs; Aetna's ability to successfully integrate Aetna's businesses (including Humana, Coventry, bswift LLC and other businesses Aetna may acquire in the future) and implement multiple strategic and operational initiatives simultaneously; Aetna's and/or Humana's ability to manage health care and other benefit costs; adverse program, pricing, funding or audit actions by federal or state government payors, including as a result of sequestration and/or curtailment or elimination of the Centers for Medicare & Medicaid Services' star rating bonus payments; Aetna's ability to reduce administrative expenses while maintaining targeted levels of service and operating performance; failure by a service provider to meet its obligations to Aetna or Humana; Aetna's and Humana's respective abilities to develop and maintain relationships (including collaborative risk-sharing agreements) with providers while taking actions to reduce medical costs and/or expand the services each company offers; Aetna's ability to demonstrate that Aetna's products and processes lead to access to quality affordable care by Aetna's members; Aetna's and Humana's ability to maintain their relationships with third-party brokers, consultants and agents who sell their products; increases in medical costs or Group Insurance claims resulting from any epidemics, acts of terrorism or other extreme events; changes in medical cost estimates due to the necessary extensive judgment that is used in the medical cost estimation process, the considerable variability inherent in such estimates, and the sensitivity of such estimates to changes in medical claims payment patterns and changes in medical cost trends; a downgrade in Aetna's financial ratings; and adverse impacts from any failure to raise the U.S. Federal government's debt ceiling or any sustained U.S. Federal government shut down. For more discussion of important risk factors that may materially affect Aetna, please see the risk factors contained in Aetna's 2014 Annual Report on Form 10-K ("Aetna's 2014 Annual Report") on file with the Securities and Exchange Commission ("SEC"). You should read Aetna's 2014 Annual Report and Aetna's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, on file with the SEC, for a discussion of Aetna's historical results of operations and financial condition.





No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do occur, what impact they will have on the results of operations, financial condition or cash flows of Aetna or Humana. Aetna does not assume any duty to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, as of any future date.