

HUMANA INC
Form DEF 14A
March 06, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

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Humana Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

500 West Main Street

Louisville, Kentucky 40202

March 6, 2015

Dear Fellow Stockholders:

We would like to invite you to attend the Annual Meeting of Stockholders of Humana Inc., to be held on Thursday, April 16, 2015, at 9:30 a.m., Eastern Time, at the Intercontinental Buckhead Atlanta, located at 3315 Peachtree Road NE, Atlanta, Georgia 30326. The meeting will also be webcast via the Internet at the Investor Relations section of the Company's website, www.humana.com. This proxy statement contains information about our Company and the three proposals to be voted upon by stockholders at the meeting. Please give this information your careful attention.

This year, we will once again be taking advantage of Securities and Exchange Commission rules that allow us to furnish proxy materials to our stockholders on the Internet. These materials will be available on the Internet on or about March 6, 2015. We continue to believe that Internet delivery of our proxy materials allows us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our Annual Meeting.

We hope you can attend the meeting. However, even if you are unable to join us, we urge you to still exercise your right as a stockholder and vote by telephone, mail or using the Internet. The vote of every stockholder is important.

This proxy statement is being mailed or transmitted on or about March 6, 2015, to our stockholders of record as of February 20, 2015.

Sincerely,

Kurt J. Hilzinger

Chairman of the Board and Stockholder

Bruce D. Broussard

Director, President and Chief Executive Officer

and Stockholder

Table of Contents

Notice of 2015 Annual Meeting of Stockholders

- Time and Date:** 9:30 a.m., Eastern Time, on Thursday, April 16, 2015
- Location:** Intercontinental Buckhead Atlanta
3315 Peachtree Road NE
Atlanta, Georgia 30326
- Agenda:**
1. Elect the ten (10) director nominees named in the proxy statement.
 2. Ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015.
 3. Non-binding advisory vote to approve the compensation of the Company's Named Executive Officers.
 4. Consider any other business properly brought before the meeting.
- Record Date:** February 20, 2015. Humana stockholders of record at the close of business on that date will be entitled to vote.
- Proxy Voting:** Your vote is important so that as many Shares as possible will be represented. Please vote by one of the following methods:
- BY INTERNET
- BY TELEPHONE
- BY RETURNING YOUR PROXY CARD (if you elected to receive printed materials)
- See instructions on your proxy card or at the voting site (www.ProxyVote.com).
- By Order of the Board of Directors,

Joan O. Lenahan

Vice President and Corporate Secretary

March 6, 2015

Table of Contents

Table of Contents

<u>Frequently Asked Questions</u>	1
<u>Corporate Governance</u>	7
<u>Proposal One: Election of Directors</u>	19
<u>Director Compensation</u>	24
<u>Stock Ownership Information</u>	27
<u>Compensation Discussion and Analysis</u>	30
<u>Organization & Compensation Committee Report</u>	51
<u>Executive Compensation</u>	52
<u>Certain Transactions with Management and Others</u>	68
<u>Audit Committee Report</u>	69
<u>Proposal Two: Ratification of Appointment of Independent Registered Public Accounting Firm</u>	71
<u>Proposal Three: Non-binding Advisory Vote With Respect to the Compensation of the Company's Named Executive Officers</u>	72
<u>Incorporation by Reference</u>	73
<u>Additional Information</u>	73

Table of Contents

FREQUENTLY ASKED QUESTIONS

Why am I receiving this Proxy Statement?

You are receiving a proxy statement because you owned shares of Humana common stock as of Friday, February 20, 2015, the Record Date, and that entitles you to vote at the Annual Meeting. Our Board of Directors has made these materials available to you on the Internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the Board's solicitation of proxies on behalf of the Company for use at our 2015 Annual Meeting of Stockholders. Your proxy will authorize specified people (proxies) to vote on your behalf at the Annual Meeting. By use of a proxy, you can vote, whether or not you attend the meeting.

This proxy statement describes the matters on which the Company would like you to vote, provides information on those matters, and provides information about the Company that we must disclose when we solicit your proxy.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

Pursuant to rules adopted by the U.S. Securities and Exchange Commission, or the SEC, we have elected to provide access to our proxy materials over the Internet. We believe that Internet delivery of our proxy materials allows us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our Annual Meeting. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice, to our stockholders and beneficial owners as of the Record Date. All stockholders will have the ability to access the proxy materials on a website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found on the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis by calling Broadridge Financial Solutions, Inc., or Broadridge, at 1-800-579-1639.

How can I get electronic access to the proxy materials?

The Notice provides you with instructions regarding how to:

View our proxy materials for the Annual Meeting on the Internet; and

Instruct us to send our future proxy materials to you electronically by e-mail.

Choosing to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you and will reduce the impact of our Annual Meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

When and where is the Annual Meeting?

The Annual Meeting will be held on Thursday, April 16, 2015, at 9:30 a.m., Eastern Time, at the Intercontinental Buckhead Atlanta, located at 3315 Peachtree Road NE, Atlanta, Georgia 30326.

Humana Inc. *2015 Notice of Annual Meeting of Stockholders and Proxy Statement* 1

Table of Contents

Who is entitled to vote?

Anyone who owns Humana Inc. common stock, which we refer to as Shares, as of the close of business on February 20, 2015, which we refer to as the Record Date, is entitled to vote at the Annual Meeting or at any later meeting should the scheduled Annual Meeting be adjourned or postponed for any reason. As of the Record Date, February 20, 2015, 149,627,943 Shares were outstanding and entitled to vote. Each Share is entitled to one vote on each of the matters to be considered at the Annual Meeting.

What will I be voting on?

Election of the ten (10) director nominees named in this proxy statement to serve on the Board of Directors of the Company;

Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015; and

A non-binding, advisory vote to approve the compensation of the Company's Named Executive Officers as disclosed in this proxy statement.

The Board of Directors is not aware of any other matters to be presented for action at the Annual Meeting. However, if other matters are properly presented for a vote, the proxies will be voted for these matters in accordance with the judgment of the persons acting under the proxies.

How does the Board recommend I vote on each proposal?

The Board recommends that you vote your Shares as follows:

FOR the election of each of the ten (10) director nominees named in this proxy statement;

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015; and

FOR the approval of the compensation of the Company's Named Executive Officers as disclosed in this proxy statement.

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All Shares that are represented at the Annual Meeting by properly executed proxies received before or at the Annual Meeting and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated in the proxies.

How will my Shares be voted if I do not specify how they should be voted?

If you sign and return your proxy card without indicating how you want your Shares to be voted, our representatives will vote your Shares as follows:

FOR the election of each of the ten (10) director nominees named in this proxy statement;

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015; and

FOR the approval of the compensation of the Company's Named Executive Officers as disclosed in this proxy statement.

Humana Inc. *2015 Notice of Annual Meeting of Stockholders and Proxy Statement* 2

Table of Contents

What if my Shares are not registered in my name?

If you own your Shares in street name, meaning that your bank, broker or other nominee is actually the record owner, you should receive the Notice from your bank, broker or other nominee. In addition, stockholders may request, by calling Broadridge at 1-800-579-1639, to receive proxy materials in printed form, by mail or electronically by e-mail on an ongoing basis. When you own your Shares in street name, you are deemed a beneficial owner or holder for voting purposes.

If you hold Shares through an account with a bank, broker or other nominee and you do not provide voting instructions on your instructions form, your Shares may not be voted by the nominee with respect to certain proposals, including:

the election of directors; or

the approval of the compensation of the Company's Named Executive Officers.

Banks, brokers and other nominees have the authority under the regulations of the New York Stock Exchange, or the NYSE, to vote shares for which their customers do not provide voting instructions only on certain routine matters, including the ratification of the appointment of the Company's independent registered public accounting firm. However, the proposals listed above are not considered routine matters, and therefore your Shares will not be voted with respect to such proposals if you do not provide voting instructions on your instruction form.

How many votes are required to approve each proposal and what are the effects of abstentions, broker non-votes and unmarked proxy cards?

Proposal	Vote Required for Approval	Effect of Abstentions	Broker Non-Votes	Unmarked/Signed Proxy Cards
Election of directors	The number of votes cast for a nominee exceeds the number of votes cast against that nominee. ⁽¹⁾	No effect	Not voted, No Effect on Outcome ⁽²⁾	Voted For
Ratification of the appointment of the independent auditor	Majority of shares present and entitled to vote	Counted as Against	Not Voted, No Effect on Outcome	Voted For
Approval of executive compensation	Majority of shares present and entitled to vote	Counted as Against	Not voted, No Effect on Outcome ⁽²⁾	Voted For

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- (1) Under the Company's Majority Vote Policy adopted in January 2007, following election to our Board of Directors, a director is required to submit his or her irrevocable resignation to our Board of Directors conditioned upon (a) the director not achieving the requisite stockholder vote at any future meeting at which he or she faces re-election, and (b) acceptance of the resignation by the Board of Directors following that election. The Board of Directors has 90 days after a director fails to achieve the requisite stockholder votes to determine whether or not to accept the director's resignation and to report this information to our stockholders.
- (2) Pursuant to current NYSE regulations, brokers do not have discretionary voting power.

Humana Inc. *2015 Notice of Annual Meeting of Stockholders and Proxy Statement* 3

Table of Contents

What is a broker non-vote ?

A broker non-vote occurs when a nominee holding Shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner, but does have discretionary voting power over other items and submits votes for those matters. As discussed above, if you hold Shares through a bank, broker or other nominee and do not provide voting instructions to your bank, broker or other nominee, your Shares may not be voted with respect to certain proposals, such as the proposals listed above.

What is a quorum ?

A quorum is a majority of the outstanding Shares. Shares may be voted at the Annual Meeting by a signed proxy card, by telephone instruction, or electronically on the Internet. There must be a quorum for the Annual Meeting to be held. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining whether a quorum exists.

How do I vote?

There are four ways that you can vote your Shares. Voting by any of these methods will supersede any prior vote you made regardless of how that vote was made. **PLEASE CHOOSE ONLY ONE OF THE FOLLOWING:**

- 1) **By Internet.** The website for voting is <http://www.ProxyVote.com>. In order to vote on the Internet, you need the control number on your proxy card. Each stockholder has a unique control number so we can ensure all voting instructions are genuine and prevent duplicate voting. The Internet voting system is available 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on Wednesday, April 15, 2015. Once you are logged on the Internet voting system, you can record and confirm (or change) your voting instructions. If you use the Internet voting system, you do not need to return your proxy card.
- 2) **By telephone.** If you are a registered holder in the United States or Canada, you should call 1-800-690-6903. The telephone voting system is available 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on Wednesday, April 15, 2015. In order to vote by telephone, you need the control number on your proxy card. Each stockholder has a unique control number so we can ensure all voting instructions are genuine and prevent duplicate voting. Once you are logged on the telephone voting system, a series of prompts will tell you how to record and confirm (or change) your voting instructions. If you use the telephone voting system, you do not need to return your proxy card.
- 3) **By mail.** Mark your voting instructions, sign and date the proxy card and then return it in the postage-paid envelope provided. If you mail your proxy card, we must receive it before 12:00 p.m. Eastern Time on Friday, April 10, 2015. If you are returning your proxy card to Broadridge, they must receive it before 10:00 a.m. Eastern Time on Wednesday, April 15,

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2015, the day before the Annual Meeting.

- 4) **In person.** Attend the Annual Meeting. Mark your voting instructions and deliver to the Inspectors of Election. However, you can vote by methods 1, 2 or 3 above prior to the meeting and still attend the Annual Meeting. In all cases, a vote at the Annual Meeting will revoke any prior votes. Please note that if your Shares are held through a bank, broker or other nominee, you will need to bring proof of ownership to the Annual Meeting in order to vote.

Humana Inc. *2015 Notice of Annual Meeting of Stockholders and Proxy Statement* 4

Table of Contents

How do I vote the share equivalent units held in the Humana Common Stock Fund of the Humana Retirement Savings Plan or the Humana Puerto Rico Retirement Savings Plan?

If you have an interest in the Humana Common Stock Fund of the Humana Retirement Savings Plan or the Humana Puerto Rico Retirement Savings Plan on the Record Date, you may vote. Under the Humana Retirement Savings Plan and the Humana Puerto Rico Retirement Savings Plan, your voting rights are based on your interest, or the amount of money you and the Company have invested in your Humana Common Stock Fund.

You may exercise these voting rights in almost the same way that stockholders may vote their Shares, but you have an earlier deadline, and you should provide your voting instructions to Broadridge. Broadridge will aggregate the votes of all participants and provide voting information to the Trustee for the applicable plan. If your voting instructions are received by 11:59 p.m. Eastern Time on Wednesday, April 8, 2015, the Trustee will submit a proxy that reflects your instructions. If you do not give voting instructions (or give them late), the Trustee will vote your interest in the Humana Common Stock Fund in the same proportion as the Shares attributed to the Humana Retirement Savings Plan, or the Humana Puerto Rico Retirement Savings Plan, as applicable, are actually voted by the other participants in the applicable plan.

You must provide your instructions to Broadridge by using the Internet, registered holder telephone number (1-800-690-6903) or mail methods described above. **Please note that you cannot vote in person at the Annual Meeting.** Your voting instructions will be kept confidential under the terms of the Humana Retirement Savings Plan or the Humana Puerto Rico Retirement Savings Plan, as applicable.

Who will count the votes?

Broadridge will tabulate the votes cast by proxy, whether by proxy card, Internet or telephone. Additionally, the Company's Inspectors of Election will tabulate the votes cast at the Annual Meeting together with the votes cast by proxy.

How do I revoke my proxy?

You have the right to revoke your proxy at any time before the meeting.

Your method of doing so will depend upon how you originally voted (a later vote will supersede any prior vote you made regardless of how that vote was made):

- 1) By Internet simply log in and resubmit your vote Broadridge will only count the last instructions;
- 2) By Telephone simply sign in and resubmit your vote Broadridge will only count the last instructions;

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- 3) By Mail you must give written notice of revocation to Broadridge, 51 Mercedes Way, Edgewood, NY 11717 or by fax at 1-515-254-7733, submit another properly signed proxy with a more recent date, or vote in person at the Annual Meeting. For written and fax notices, you must include the control number that is printed on the upper portion of the proxy card.

What is the due date for stockholder proposals, including stockholder nominees for director, for inclusion in the Company's proxy materials for the 2016 Annual Meeting?

Stockholder proposals, including stockholder nominees for director, as permitted by SEC regulations for inclusion in our proxy materials relating to the 2016 Annual Meeting of Stockholders must be submitted to the Corporate Secretary in writing no later than November 9, 2015. Proposals should be submitted to Joan O. Lenahan, Vice President and Corporate Secretary, Humana Inc., 500 West Main Street, 21st Floor, Louisville, Kentucky 40202.

Humana Inc. *2015 Notice of Annual Meeting of Stockholders and Proxy Statement* 5

Table of Contents

May a stockholder present a proposal not included in our Proxy Statement at the April 16, 2015, Annual Meeting?

A stockholder can present a proposal at the Annual Meeting (a so-called "floor resolution") only if certain notice requirements are met. The SEC does not directly regulate meeting conduct. State law imposes only limited requirements, so meetings are governed by procedures set forth in our Bylaws. Humana's Bylaws require that a stockholder provide written notice of intent to bring a proposal no less than 60 days or more than 90 days prior to the scheduled date of the Annual Meeting of stockholders. If less than 70 days' notice of the Annual Meeting is given, written notice by a stockholder would be deemed timely if made no later than the 10th day following such notice of the Annual Meeting. A proposal must also meet other requirements as to form and content set forth in our Bylaws. Stockholder proposals should be sent to Joan O. Lenahan, Vice President and Corporate Secretary, Humana Inc., 500 West Main Street, 21st Floor, Louisville, Kentucky 40202. A copy of our Bylaws is available on our website. From the www.humana.com website, click on "Investor Relations," and then click on "Corporate Governance," and then click on the link entitled, "Bylaws."

How will Humana solicit votes and who pays for the solicitation?

We have engaged D. F. King & Co., Inc. to assist in the distribution of proxy materials and solicitation of votes for approximately \$12,000 plus expenses. We have also engaged Broadridge to assist in the distribution of proxy materials and the accumulation of votes through the Internet, telephone and coordination of mail votes for approximately \$155,000 plus expenses. We will reimburse banks, brokers and other nominees for their reasonable out-of-pocket expenses for forwarding proxy and solicitation material to our stockholders.

How can I obtain additional information about the Company?

Included with this proxy statement (either in printed form or on the Internet) is a copy of our Annual Report on Form 10-K for the year ended December 31, 2014, which also contains the information required in our Annual Report to Stockholders. Our Annual Report on Form 10-K and all our other filings with the SEC also may be accessed via the Investor Relations section on our website at www.humana.com. We encourage you to visit our website. From the www.humana.com website, click on "Investor Relations," and then click on the report you wish to review under the "SEC Filings & Financial Reports" subcategory.

Where can I find voting results for this Annual Meeting?

The voting results will be published in a current report on Form 8-K which will be filed with the SEC no later than four business days after the Annual Meeting. The Form 8-K will also be available on our website at www.humana.com.

What is "householding" ?

Householding occurs when a single copy of our Annual Report, proxy statement and Notice is sent to any household at which two or more stockholders reside if they appear to be members of the same family. Although we do not household for registered stockholders, a number of brokerage firms have instituted householding for Shares held in street name. This procedure reduces our printing and mailing costs and fees. Stockholders who participate in householding will continue to receive separate proxy cards, and householding will not affect the mailing of account statements or special notices in any way. If you wish to receive separate copies of our Annual Report, proxy statement or Notice in the future, please contact the bank, broker or other nominee through which you hold your Shares.

Humana Inc. *2015 Notice of Annual Meeting of Stockholders and Proxy Statement* 6

Table of Contents

CORPORATE GOVERNANCE

Humana is committed to having sound corporate governance principles and operates within a comprehensive plan of corporate governance for the purpose of defining responsibilities, setting high standards of professional and personal conduct, and assuring compliance with such responsibilities and standards. Sound corporate governance is essential to running our business effectively and to maintaining our reputation of integrity in the marketplace. At the heart of these efforts lie our company values, the guiding forces behind all our actions—Inspire Health, Cultivate Uniqueness, Rethink Routine, Pioneer Simplicity, and Thrive Together. Our Board of Directors has adopted Corporate Governance Guidelines, which we refer to as the Guidelines, intended to comply with the requirements of Section 303A.09 of the NYSE Listed Company Manual. The Guidelines may be viewed on our website at www.humana.com. From the www.humana.com website, click on Investor Relations, then click on Corporate Governance, and then click on the link entitled Corporate Governance Guidelines.

Role of the Board and Board Leadership

Role of the Board

The business of the Company is managed under the direction of the Board, which is elected annually by the Company's stockholders. The basic responsibility of the Board is to lead the Company by exercising its business judgment to act in what each director reasonably believes to be the best interests of Humana and its stockholders, engaging in active and independent oversight of the management of the Company's business affairs and assets. In order to fulfill its responsibilities to the Company's stockholders, the Board, both directly and through its committees, regularly engages with management, ensures management accountability and reviews the most critical issues that face the Company, such as approval of the Company's strategy and mission, execution of the Company's financial and strategic goals, oversight of risk management, succession planning, and determination of executive compensation.

Board Oversight of Risk

While management is responsible for designing and implementing the Company's risk management process, controls and oversight, the Board, both as a whole and through its committees, has overall responsibility for oversight of the Company's risk management. The full Board regularly reviews risks that may be material to the Company, including those detailed in the Audit Committee's reports and as disclosed in the Company's quarterly and annual reports filed with the SEC.

Audit Committee. Pursuant to its charter, and in compliance with applicable NYSE listed company rules, the Audit Committee is responsible for discussing the Company's policies with respect to overall risk assessment and risk management, with primary responsibility for monitoring risks with respect to the Company's accounting and financial reporting principles and policies and internal audit controls and procedures. To accomplish this, the Audit Committee regularly reviews with both internal Company personnel and independent auditors the risks that may be material to the Company, as well as major legislative and regulatory developments which could materially impact the Company's risks. The Audit Committee meets separately with representatives of our independent registered public accounting firm and members of management in charge of internal controls and procedures with respect to financial reporting. The Company has also instituted a management Enterprise Risk Management Committee to assess the risks of the Company and coordinate with and report to the Audit Committee.

Table of Contents

Organization & Compensation Committee. The Board of Directors has delegated to the Organization & Compensation Committee the responsibility of reviewing management's assessment of the risks associated with the Company's compensation practices and policies for employees, including consideration of the counterbalance of risk-taking incentives and risk-mitigating factors in Company practices and policies.

The goal of these processes is to achieve serious and thoughtful board-level attention to the Company's risk management process and system, the nature of the material risks faced by the Company, and the adequacy of the Company's risk management process and system designed to respond to and mitigate these risks.

Board Leadership

Leadership of the Board is essential to facilitate the Board acting effectively as a working group to the benefit of the Company and its performance. As Chairman of the Board, Mr. Hilzinger serves as Chair of regular sessions of the Board, runs the Board process and ensures effectiveness in all aspects of the Board's role, and leads the Board in anticipating and responding to crises.

The Board believes that the advisability of having a separate or combined chairman and chief executive officer positions is dependent upon the strengths of the individual or individuals that hold these positions and the most effective means of leveraging these strengths, in light of the challenges and circumstances facing the Company, which may change over time. At this time, given the composition of the Company's Board, the effective interaction between Mr. Hilzinger, as Chairman, and Mr. Broussard, as Chief Executive Officer, Mr. Hilzinger's status as an independent director and previous service as our Lead Director, and the current challenges faced by the Company, the Board believes that separating the chief executive officer and Board chairman positions provides the Company with the right foundation to pursue the Company's strategic and operational objectives, while maintaining effective oversight and objective evaluation of the performance of the Company.

Qualifications and Process for Nominating Directors

Director Qualifications

The Guidelines contain Board membership criteria that apply to nominees recommended by the Nominating & Corporate Governance Committee for a position on the Board. The Board has determined that each member of the Board (except Mr. Broussard, as a current employee of the Company) is independent according to criteria established in the Guidelines by the Board, and in accordance with independence requirements of the NYSE and the SEC. The members of the Organization & Compensation Committee must also meet the independence criteria of the Internal Revenue Code. The Nominating & Corporate Governance Committee reviews with the Board the requisite skills and characteristics for Board members. This assessment includes the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account other Board members and the specific needs of the Company and the Board. Although the Board and the Nominating & Corporate Governance Committee do not have a policy with regard to the consideration of diversity in identifying director nominees, the director nomination process is designed to ensure that the Board includes members with diverse backgrounds, including race, ethnicity, gender, skills and experience, such as appropriate financial and other expertise relevant to the Company's business. The goal of this process is to assemble a group of board members with deep, varied experience, sound judgment, and commitment to the Company's success. For a discussion of the individual experience and qualifications of our board members, please refer to the section entitled, "Proposal One: Election of Directors" in this proxy statement.

Table of Contents

Identifying Nominees for Directors

The Board is responsible for selecting its own members and delegates the screening process for new directors to the Nominating & Corporate Governance Committee, with counsel from the Chairman, our Chief Executive Officer, and outside consultants as appropriate. The Committee utilizes a number of methods for identifying and evaluating nominees for Board membership. The Committee regularly assesses the appropriate size of the Board, the areas of expertise required to effectively contribute to the Board process, and whether any vacancies are anticipated. The Committee considers potential candidates for director, which may come to the attention of the Committee through current Board members, professional search firms, stockholders, or other persons. The Nominating & Corporate Governance Committee selects candidates who possess a reputation and hold positions or affiliations befitting a director of a large publicly-held company, and are actively engaged in their occupations or professions or are otherwise regularly involved in the business, professional or academic community. In addition, from time to time, we engage a third-party search firm to assist the Board of Directors and the Nominating & Corporate Governance Committee in identifying and recruiting candidates for Board membership.

Stockholder Nominees

The policy of the Nominating & Corporate Governance Committee is to consider properly submitted stockholder nominations for candidates for membership on the Board as described above under Identifying Nominees for Directors. In the course of evaluating nominations for Board membership, the Nominating & Corporate Governance Committee will look for individuals who have displayed high ethical standards, integrity, and sound business judgment, taking into account the current make-up of the Board and the specific needs of the Company and the Board. Stockholder nominations for election to the Board of Directors are governed by specific provisions in our Bylaws, a copy of which is available on our website at www.humana.com. From the www.humana.com website, click on Investor Relations, and then click on Corporate Governance, and then click on the link entitled, By-Laws. The Bylaws require that a stockholder provide written notice of intent to nominate a candidate for director no less than 60 days or more than 90 days prior to the scheduled date of the Annual Meeting of stockholders. If less than 70 days notice of the Annual Meeting is given, written notice by a stockholder would be deemed timely if made no later than the 10th day following such notice of the Annual Meeting. Any stockholder nominations proposed for consideration by the Nominating & Corporate Governance Committee should include, among other information required by the Bylaws, the nominee's name, qualifications for Board membership and compliance with our Director Resignation Policy discussed in this proxy statement and should be sent to: Joan O. Lenahan, Vice President and Corporate Secretary, Humana Inc., 500 West Main Street, 21st Floor, Louisville, Kentucky 40202.

Table of Contents**Director Independence**

The Guidelines contain independence standards to assist the Board in its determination of director independence. In addition, to qualify as independent under the Guidelines, the Board of Directors must affirmatively determine that a director has no material relationship with the Company, other than as a director.

Pursuant to the Guidelines, the Board undertakes an annual review of director independence. During this review, the Board considers transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates, including transactions or relationships which could have been reported under "Certain Transactions with Management and Others" in this proxy statement. As provided in the Guidelines, the purpose of this review is to determine whether any such relationships or transactions are inconsistent with a determination that a director is independent.

In the course of this review for the current year, the Board specifically analyzed and discussed several matters:

- (1) a relationship between the Company and Pfizer Inc., or Pfizer, for which Frank A. D. Amelio, one of our current directors, serves as an executive officer;
- (2) a relationship between the Company and Zoetis, Inc., for which Mr. D. Amelio serves as a director;
- (3) a relationship between the Company and the Thomas Jefferson University, by which Dr. David B. Nash, one of our current directors, is employed as Founding Dean of the Jefferson School of Population Health;
- (4) a relationship between the Company and JAPC, Inc., or JAPC, which is owned by the father of David A. Jones, Jr., one of our current directors;
- (5) a relationship between the Company and Chrysalis Ventures, LLC, or Chrysalis, for which David A. Jones, Jr., one of our current directors, serves as Chairman and in which Mr. Jones, Jr. has a financial interest;
- (6) a relationship between the Company and Connecture, Inc., a publicly-traded company for which Mr. Jones, Jr. serves as Chairman of the Board of Directors, and of which Chrysalis is a greater than 5% stockholder;
- (7) a relationship between the Company and Main Street Realty, Inc., or Main Street Realty, which is owned by the father of David A. Jones, Jr., one of our current directors; and
- (8) business relationships between our subsidiary, Concentra Inc. (or its affiliates) and various companies for which our current directors serve as directors or executive officers.

Pfizer. The relationship between the Company and Pfizer consists of a negotiated rebate based on the volume of prescriptions of Pfizer drugs obtained by Humana members, which volume includes claims paid by Humana for our members and the co-payments paid by our members for Pfizer drugs. These rebate amounts are significant. However, these payments to Humana from Pfizer result from activity with many intermediaries over whom Humana exercises no control (i.e., the providers who prescribe these medications, the distributors who sell to the retailers, and the retailers from which our members get prescriptions). In 2014, the rebate amounted to approximately \$80 million. We have also agreed to complete various research studies for Pfizer, for which we were paid an immaterial amount of fees by Pfizer in 2014. We also received voluntary critical illness plan premiums from Pfizer in the aggregate amount of approximately \$233,000. The premiums charged and benefits provided under this arrangement are comparable to those extended to our other non-affiliated customers.

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Zoetis. In 2014, we received health care premium payments from Zoetis, Inc. in an immaterial amount. The premiums charged and benefits provided under the arrangement are comparable to those extended to our other non-affiliated customers.

Humana Inc. *2015 Notice of Annual Meeting of Stockholders and Proxy Statement* 10

Table of Contents

Thomas Jefferson University. The relationship between the Company and Thomas Jefferson University consists of a data sharing arrangement whereby our subsidiary, Comprehensive Health Insights, Inc., provides data to Thomas Jefferson University at current commercial rates following our standard protocols for use in teaching and obtaining grants and pharmaceutical-related projects.

JAPC. In 2014, we provided hangar space, pilot services and maintenance for an airplane owned by JAPC, for which we were fully reimbursed by JAPC at a rate at least as favorable to the Company as market rates, which amounts were not material.

Chrysalis. In 2014, we received health care premium payments from Chrysalis in an immaterial amount. The premiums charged and benefits provided under these arrangements are comparable to those extended to our other non-affiliated customers. In addition, in 2014, we contracted for services to be provided by certain companies in Chrysalis' investment portfolio. In each case, the amounts paid under these arrangements were comparable to those for other non-affiliated vendors, were not material to the Company, and did not represent a direct or indirect material interest for Mr. Jones, Jr.

Connecture, Inc. In 2014, we received health care premium payments from Connecture in the aggregate amount of approximately \$2.4 million. The premiums charged and benefits provided under the arrangement are comparable to those extended to our other non-affiliated customers.

Main Street Realty. In 2014, we received health care premium payments from Main Street Realty in the aggregate amount of approximately \$300,000. The premiums charged and benefits provided under the arrangement are comparable to those extended to our other non-affiliated customers.

Concentra Relationships. In 2014, our subsidiary, Concentra Inc., and certain of its affiliates received payments from various companies for which our current directors serve as directors or executive officers. In each case, the amounts charged and the occupational medicine, urgent care, physical therapy, and health and wellness services provided under the arrangements are comparable to those extended to other non-affiliated customers.

At the conclusion of its review for the current year, the Board affirmatively determined that in each case the relationship between the Company or its affiliate and each director-related entity was not material, was below the thresholds for independence prescribed by the NYSE, and did not impact the independence of any of our directors. Each director recused themselves from the independence assessment relative to himself or herself.

Consistent with these considerations, and based on its review of director independence in light of the standards contained in the Guidelines, the Board determined that each member of the Board of Directors (except Mr. Broussard, as a current employee of the Company) is independent.

Table of Contents**Committee Membership and Attendance**

The Board of Directors has the following committees: Audit; Organization & Compensation; Nominating & Corporate Governance; Executive; and Investment. Only directors meeting SEC and NYSE director independence standards may serve on the Audit Committee, the Organization & Compensation Committee, and the Nominating & Corporate Governance Committee. Each Board committee operates pursuant to a charter, which may be viewed on our website at www.humana.com. From the www.humana.com website, click on Investor Relations, then click on Corporate Governance, and then you will see a link to the Committee Charters.

The number of Board committee meetings held in 2014 and membership as of March 1, 2015, were as follows:

	Audit	Organization & Compensation	Nominating & Corporate Governance	Executive	Investment
Number of Meetings in 2014	9	7	7	0	4
NAME					
Bruce D. Broussard				C	
Frank A. D. Amelio	C				M
W. Roy Dunbar					