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September 21, 2011

**INSURANCE COMMISSIONER
COMPANY SUPERVISION**

VIA OVERNIGHT DELIVERY

Ron Pastuch
Holding Company Manager
Office of the Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98501

Re: Humana Inc. - Acquisition of Arcadian Management Services, Inc.

Dear Mr. Pastuch:

Thank you again for speaking with Joan Lenahan, Corporate Secretary of Humana Inc. ("Humana"), and the undersigned about Humana's proposed acquisition of Arcadian Management Services, Inc. ("Arcadian Management") and subsidiaries. We look forward to working with you and your colleagues at the Washington Department of Insurance to facilitate review of the transaction.

Enclosed are two original complete statement of acquisition, or Form A, application submitted by Humana and its wholly owned subsidiary Humsol, Inc., respectfully requesting the Department's approval of their acquisition of control of Arcadian Health Plan, Inc. ("Arcadian Washington"), a Washington health maintenance organization, on the terms set forth in the Agreement and Plan of Merger ("Merger Agreement") entered into as of August 24, 2011 (the "Acquisition"). The parties to the Merger Agreement are Humana, Humsol, Arcadian Management, and those Arcadian Management stockholders that are signatories to the Merger Agreement. The Acquisition structure calls for Humsol to be merged at closing with and into Arcadian Management, thereby becoming the sole stockholder of Arcadian Management's subsidiaries, including Arcadian Washington. The application is submitted on behalf of Humana and Humsol jointly and was prepared in accordance with the Washington law, the Department's rules thereunder, and the applicable instructions.

As the Merger Agreement exemplifies, this is a negotiated, consensual transaction, to which Arcadian Management and holders of a majority of its voting equity securities have agreed. We are assured of the cooperation of all parties in the regulatory approval process. We are furnishing copies of the application to the licensee, Arcadian Washington, and its controlling company, Arcadian

36 OFFICES IN 16 COUNTRIES

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Management. Humana and Humsol are mindful of the Washington rules regarding any need to amend the application and the time restrictions related to such and will comply with those rules.

As discussed, we and our client are committed to cooperate with and expedite the Department's review and to respond to any questions or requests you or other officials may have. To facilitate a timely and smooth transition in the operations of Arcadian Washington and coordination with Humana's existing Washington business, the parties desire to close the Acquisition by the end of the 2011 calendar year. If helpful to the Department, Humana's executive management would be pleased to meet with Department officials to discuss the Acquisition and the future operations of Arcadian Washington after closing. From our experience representing Humana in connection with a number of Form A filings, in Washington and elsewhere, I am confident you will find the company will be promptly and fully responsive to any inquiries you make in reviewing this filing. Should you have any questions, please do not hesitate to call me at 350-577-2860 or by email at gary.timin@ssd.com. Feel free also to contact my partner Lisa Han, lisa.han@ssd.com, 614-365-2773, who is equally conversant with the application.

Thank you in advance for your attention and assistance. We look forward to working with you and other Department representatives on this application and toward completing the transaction.

Sincerely yours,
Squire, Sanders & Dempsey (US) LLP



Gary P. Timin

Enclosures: Application

cc: Joan O. Lenahan, Vice President & Corporate Secretary, Humana
Joseph Ventura, Counsel & Assistant Corporate Secretary, Humana
Ralph M. Wilson, Vice President & Asst. General Counsel, Humana
James Novello, General Counsel, Arcadian Management and Arcadian Washington (w/
application)
Lisa G. Han, Esq., Squire, Sanders & Dempsey (US) LLP

FORM A

STATEMENT REGARDING THE

ACQUISITION OF CONTROL OF OR MERGER WITH A

DOMESTIC INSURER

ARCADIAN HEALTH PLAN, INC.

by

HUMANA INC.

and its wholly owned subsidiary

HUMSOL, INC.

(collectively, the Applicant)

Filed with the Washington State Office of the Insurance Commissioner

Dated: September 21, 2011

Joan O. Lenahan
Vice President & Corporate Secretary
Humana Inc.
500 West Main Street
Louisville, KY 40202
Tele: 502/580-3778 / Fax: 502/508-3778
jlenahan@humana.com

With a copy to:

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ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

➤ *Description of the Domestic Insurer*

The domestic insurer or licensee to which this application relates is Arcadian Health Plan, Inc., located at the address of 18920 Bothell Way NE #100, Bothell, WA 98011 (“**Arcadian Health Plan**”). Arcadian Health Plan is licensed by the Washington State Office of the Insurance Commissioner (“**Department**”) as a health maintenance organization (“**HMO**”) and is a wholly owned subsidiary of Arcadian Management Services, Inc. (“**Arcadian Management**”), a privately held Delaware corporation. Arcadian Health Plan is also qualified in Arizona, California, Maine, New Hampshire, South Carolina, Texas (where this subsidiary may be considered “commercially domiciled” under Texas law), and Virginia. Arcadian Health Plan engages exclusively in the business of Medicare Advantage – Prescription Drug (“**MA-PD**”) plans pursuant to its contract with the Centers for Medicare and Medicaid Services (“**CMS**”). It currently has no commercial enrollment, nor does it provide Medicaid coverage to enrollees, although some of its members are dually enrolled in both Medicare and Medicaid.

➤ *A Brief Description of How Control Is To Be Acquired*

The proposed acquisition of control of Arcadian Health Plan will be accomplished by a statutory merger of Humsol, Inc. (“**Humsol**”), which is a direct, wholly owned subsidiary of Humana Inc. (“**Humana**”) formed to effect the acquisition, with and into Arcadian Management in accordance with their Agreement and Plan of Merger dated as of August 24, 2011 (the “**Merger Agreement**”). A complete copy of the Merger Agreement is attached as **Exhibit 1-A** with the Disclosure Schedules to the Merger Agreement attached as **Exhibit 1-B**. Pursuant to

the Merger Agreement, Humsol will merge with and into Arcadian Management, with Arcadian Management as the surviving corporation. Humsol will be merged out of existence at Closing, upon which Humana will own all of the then issued and outstanding capital stock of Arcadian Management and thus, indirectly, of Arcadian Health Plan. For purposes of this Form A statement, the merger of Humsol with and into Arcadian Management and the concurrent consequent acquisition of Arcadian Management and Arcadian Health Plan by Humana is referred to as the “**Acquisition.**” Capitalized terms used but not defined in this Form A will have the meanings that the Merger Agreement ascribes to them. See **Exhibit 1-A**, Section 14, at pp. 79 - 93 for many defined terms.

The Closing of the Acquisition transaction will take place on the third (3rd) business day after all of the conditions to the respective obligations of the parties, including the necessary regulatory approvals, have been satisfied, or at such other time and date as Humana and Arcadian Management mutually agree. At the Closing, the parties will execute and cause to be filed with the Secretary of State of the State of Delaware in accordance with the Delaware General Corporate Law, a Certificate of Merger. The merger of Arcadian Management and Humsol will be effective at the time that the filing is made with the Delaware Secretary of State.

Arcadian is the parent corporation of a number of subsidiaries, including Arcadian Health Plan. In addition to Arcadian Health Plan, Arcadian Management owns the following health plan subsidiaries: (i) *Arkansas Community Care, Inc.*, domiciled in Arkansas and qualified in Oklahoma and Texas; (ii) *Arcadian Health Plan of North Carolina, Inc.*, domiciled in North Carolina; (iii) *Arcadian Health Plan of Georgia, Inc.*, domiciled in Georgia; (iv) *Arcadian Health Plan of Louisiana, Inc.*, domiciled in Louisiana; and (v) *Arcadian Health Plan of New York, Inc.*, domiciled in New York. All of the Arcadian Management subsidiaries, including Arcadian

Health Plan, are sponsors of MA-PD plans through their contracts with CMS. None of them have any commercial enrollment.

As noted above, the acquisition of control of Arcadian Health Plan and all other subsidiaries of Arcadian Management is to be accomplished through a merger transaction between Humana, Humsol, and Arcadian Management. To secure the insurance regulatory approvals necessary to consummate the Acquisition transaction, in addition to this filing, Humana has submitted or will be submitting a Statement of Acquisition of Control or similarly titled application under substantially similar laws and standards with Insurance Commissioners of the States of Arkansas, North Carolina, Georgia, Louisiana, New York, and (if and as appropriate) Texas and will provide a notice of such filing or other required filings in states where each Arcadian Management subsidiary is qualified to do business. A copy of any or all of the state applications, if desired, will be furnished upon request.

For your convenience, we have also prepared a summary of the Merger Agreement, which is attached as **Exhibit 2**. As requested, **Exhibit 3** provides contact information for a senior insurance regulatory official in each of the other states in which Humana will file a Form A application regarding acquisition of a licensed subsidiary of Arcadian Management.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the applicant seeking to acquire control over the insurer.

The Applicant seeking to acquire control of Arcadian Health Plan consists of Humana and its merger subsidiary Humsol, both located at 500 West Main Street, Louisville, Kentucky 40202.

(b) If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as such person and any predecessors thereof shall

have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

Humana was organized as a Delaware corporation in 1964. It is the ultimate parent corporation of an insurance holding company system comprised of various licensed and unlicensed entities. Humana, along with its subsidiaries, is a leading health care company that offers a wide range of insurance products and health and wellness services that incorporate an integrated approach to lifelong well-being. By leveraging the strengths of its core businesses, Humana believes it can better explore opportunities for existing and emerging adjacencies in health care that can further enhance wellness opportunities for the millions of people across the nation with whom the company has relationships. Its 2010 revenues reached approximately \$33.9 billion. As of December 31, 2010, Humana had approximately 10.2 million members in its medical benefits plans, as well as approximately 7.1 million members in its specialty products.

Humana manages its business with three reportable segments: Retail, Employer Group, and Health and Well-Being Services. In addition, the Company includes other businesses that are not reportable because they do not meet the quantitative thresholds in an Other Businesses category. These segments are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for the Company's health plans and other customers, as described below. The Retail segment consists of Medicare and commercial fully-insured medical and specialty health insurance benefits, including dental, vision, and other supplemental health and financial protection products, marketed directly to individuals. The Employer Group segment consists of Medicare and commercial fully-insured medical and specialty health insurance benefits, including dental, vision, and other supplemental health and financial protection products, as well as administrative services only products marketed to employer

groups. The Health and Well-Being Services segment includes services offered to the Company's health plan members as well as to third parties that promote health and wellness, including primary care, pharmacy, integrated wellness, and home care services. The Other Businesses category consists of the Company's Military services, primarily its TRICARE South region contract, Medicaid, and closed-block long-term care businesses as well as its contract with the CMS to administer the Limited Income Newly Eligible Transition program.

Humana currently contracts with CMS under the Medicare Advantage program to provide a comprehensive array of health insurance benefits, including wellness programs, to Medicare beneficiaries under HMO, PPO, and PFFS plans in exchange for contractual payments received from CMS, usually a fixed payment per member per month. Humana also enters into contracts with CMS to offer prescription drug plans, either as a part of the Medicare Advantage plan or a stand-alone plan.

There will be no change to Humana's operations or those of Humana's current subsidiaries as a result of the Acquisition. Additionally, post-Acquisition, Humana intends to continue operating Arcadian Management subsidiaries, including Arcadian Health Plan, as MA-PD plans without any material changes, except replacing certain directors and officers of Arcadian Management and of its subsidiaries with various current directors and/or officers of Humana and Humsol. The parties believe that the Acquisition will have no adverse effect on competition in the product or geographic markets for their services and lines of insurance and business either in Washington or elsewhere. Humana has filed an appropriate pre-merger notification statement under the Hart-Scott-Rodino Act with the U.S. Department of Justice and Federal Trade Commission and is requesting early termination of the waiting period.

Humsol was incorporated on August 11, 2011 as a Delaware general business corporation. It is a wholly owned subsidiary of Humana formed solely to facilitate the Acquisition transaction and will be merged out of existence at Closing.

(c) Furnish a chart or listing clearly presenting the identities of the inter-relationships among the applicant and all affiliates of the applicant. No affiliate need be identified if its total assets are equal to less than one-half of one percent of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

The chart attached as **Exhibit 4-A** sets forth the identities and interrelationships among Humana and all of its organizational affiliates, including, but not limited to, Humana's insurance and HMO subsidiaries pre-Acquisition. Humana's present subsidiaries licensed and operating in Washington include: CompBenefits Insurance Company, Humana Health Plan, Inc., Humana Insurance Company, Humana MarketPOINT, Inc., Humana Pharmacy, Inc., HumanaDental Insurance Company, and Kanawha Insurance Company.

Attached as **Exhibit 4-B** is the current organizational chart of Arcadian Management and its subsidiaries pre-Acquisition, as furnished by Arcadian Management.

The chart attached as **Exhibit 5** sets forth the identities and interrelationships among Humana and its affiliates post-Acquisition. There are no court proceedings involving reorganization or liquidation pending with respect to any of the entities identified in **Exhibit 4-A**, **Exhibit 4-B** or **Exhibit 5**.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

State the following with respect to (1) the applicant if (s)he is an individual or (2) all persons who are directors, executive officers or owners of ten percent or more of the voting securities of the applicant if the applicant is not an individual.

(a) Name and business address;

The business address of Humana and of Humsol is 500 West Main Street, Louisville, Kentucky 40202.

The names and addresses of the current Directors and Executive Officers of Humana are attached hereto as **Exhibit 6** and incorporated by this reference. The names and addresses of the current Directors and all Officers of Humsol are attached hereto as **Exhibit 7** and are also incorporated by reference.

Humana is a publicly traded Delaware corporation, with its common stock listed on the New York Stock Exchange. Humana is not aware of any person or company that owns directly or beneficially ten percent (10%) or more of its total outstanding voting common stock. Humsol is a wholly-owned subsidiary of Humana.

(b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;

See the description of present principal business activities of Humana and Humsol in Item 2(b) above. With respect to the present principal business activity, occupation or employment of Directors and Officers of Humana and Humsol, see response in Item 3(c) below.

(c) Material occupations, positions, offices or employment during the last five years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith;

Biographical Information which includes principal occupations, offices and positions held during the past five (5) years by the Directors and Executive Officers of Humana is presented in **Exhibit 6** hereto.

Biographical Information which includes principal occupations, offices and positions held during the past five (5) years by the Directors and Officers of Humsol is contained in **Exhibit 7** hereto. Upon Closing, the Directors and Officers of Humsol will become Directors and Officers of Arcadian Management, and some or all of them will also be named Directors and/or Officers of its licensed subsidiaries, including Arcadian Health Plan.

Biographical Affidavits of certain Directors and Officers of Humsol are already on file at the Department. Those of Paul B. Kusserow, Senior Vice President and Chief Strategy & Corporate Development Officer; Charles F. Lambert, III, Vice President; and James E. Murray, Director, are enclosed with this filing. See **Exhibit 7** for details.

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

No Director or Officer of Humana or Humsol has been convicted of any crime other than a minor traffic violation or subject to any disciplinary proceedings with respect to a license or registration with any federal, state or municipal government agency, during the past ten (10) years. Reference is made to the biographical materials including confidential background reports that are on file with the Department.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower

and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

In consideration of the Acquisition transaction, Humana will pay a purchase price in cash totaling \$150,000,000, subject to certain adjustments, for all of the issued and outstanding capital stock of Arcadian Management ("Purchase Price"). That amount will be adjusted after the Closing to reflect the sum of the actual working capital of Arcadian Management and the statutory reserve of each of Arcadian Management's subsidiaries. The signing date estimate for the sum of working capital of Arcadian Management and the statutory reserve of each of Arcadian Management subsidiaries is \$55,541,716.00. Over half of the closing proceeds, an amount estimated to be \$85.3 million, will be used to satisfy and retire certain indebtedness of Arcadian Management as of the Closing. For further details, please see the summary of the Merger Agreement at **Exhibit 2** and, for full specifics, the Merger Agreement at **Exhibit 1-A**.

Humana will pay the Purchase Price with cash on hand. No borrowed funds will be used to pay the Purchase Price.

(b) Explain the criteria used in determining the nature and amount of such consideration.

The Purchase Price results from good faith, arm's length negotiations between the parties. Humana and Arcadian Management each engaged independent financial and legal advisors in connection with negotiating the Acquisition. The total Purchase Price and its elements are described in greater detail in the Merger Agreement. A copy of the Merger Agreement and a summary thereof are attached as **Exhibit 1-A** and **Exhibit 2** respectively.

(c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, he or she must specifically request that the identity be kept confidential.

As stated, no loan is a source of the payment of consideration in this Acquisition.

ITEM 5. FUTURE PLANS OF INSURER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate such insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

There are no plans or proposals to declare an extraordinary dividend, to liquidate Arcadian Health Plan, to sell its assets to or merge or consolidate it with any person or persons, or to make any other material change in its business operations or corporate structure. As noted, certain of the current directors and officers of Arcadian Health Plan will be replaced by persons who are current directors and/or officers of Humana or Humsol. Also, because Humsol will be merged with and into Arcadian Management, the governance documents of Humsol, including the Certificate of Incorporation and Bylaws attached as **Exhibit 8** and **Exhibit 9** respectively, will become the governance documents of Arcadian Management upon Closing. There is no change now planned with respect to operational personnel at Arcadian Health Plan or the scope or nature of its business operations. As a MA-PD plan, any future material change in operations will likely be subject to approval by CMS. Post-Closing, Arcadian Health Plan will continue its current operations as a sponsor of MA-PD plans in accordance with the plan of operation most recently approved by CMS.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

Through the merger of Humsol with and into Arcadian Management, with the latter as the surviving corporation, upon Closing, Arcadian Management will become a wholly-owned subsidiary of Humana. All of the issued and outstanding stock of Arcadian Health Plan will

continue to be owned by Arcadian Management as a wholly owned subsidiary of Humana. All of the presently issued and outstanding capital stock of Arcadian Management will be cancelled and (except for such stock which may be owned by Arcadian Management) converted into the right to receive the cash consideration specified in the Merger Agreement. The now outstanding shares of Humsol stock will be converted into stock of Arcadian Management, all of which will be owned by Humana. More specifically:

- Each share of Arcadian Management's common stock issued and outstanding immediately prior to the Acquisition will, by virtue of the Acquisition and without any action on the part of the holder thereof, cease to have any rights with respect thereto, except the right to receive the Closing Consideration Per Share Balance and any other amounts distributed from the Escrow Account, described in greater detail in the Merger Agreement.
- Each share of Arcadian Management's Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock issued and outstanding immediately prior to the Acquisition will, by virtue of the Acquisition and without any action on the part of the holder thereof, be cancelled and cease to exist and shall be converted into the right to receive (a) for such Series A shares, \$1.00 per share plus any declared and unpaid dividends thereon, (b) for such Series B shares, \$1.925 per share plus any declared and unpaid dividends thereon, (c) for such Series B-1 shares, \$1.00 per share plus any declared and unpaid dividends thereon, (d) for such Series C shares, \$10.734 per share plus any declared and unpaid dividends thereon; provided however, that in the event that the amount payable per Series C share exceeds \$21.468, then the Series C share amount shall be deemed to be \$7.156 per share (rather than \$10.734) and any declared and unpaid dividends thereon, plus

(e) for all Series of shares, the consideration payable for each share of common stock that would be issued upon conversion of such Series shares.

- Each share of Humsol common stock issued and outstanding immediately prior to the Acquisition will be converted into one fully paid and nonassignable share of common stock of Arcadian Management as the surviving corporation following the Acquisition, and such shares will then be the only outstanding shares of capital stock of Arcadian Management.

Post-closing, all of the then issued and outstanding capital stock of Arcadian Health Plan will continue to be owned by Arcadian Management, as is now the case.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

Humana, Humsol, their affiliates and Directors and Officers listed in Item 3 above do not beneficially own any of the voting securities of either Arcadian Management or Arcadian Health Plan. Nor do any of them have any right to acquire beneficial ownership of such voting securities other than the rights provided for in the Merger Agreement.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into.

Other than the Merger Agreement as described in Item 6 above, there are no contracts, arrangements or understandings with respect to any voting security of Arcadian Management or Arcadian Health Plan in which Humana, its affiliates, or any Director and Officer listed in Item 3

is involved, including but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this statement. Include in such description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any such shares so purchased are hypothecated.

There have been no purchases of any voting securities of either Arcadian Management or Arcadian Health Plan by Humana, Humsol, their affiliates, or any of the Directors and Officers listed in Item 3 above during the twelve (12) calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this statement.

There are no recommendations to purchase any voting security of Arcadian Management or Arcadian Health Plan made by Humana, Humsol, their affiliates, or any of the Directors and Officers listed in Item 3 above, or by anyone based upon interviews or at the suggestion of Humana, Humsol, their affiliates, or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this Statement.

Notwithstanding, the Acquisition transaction was approved by the Boards of Directors of each of Humana and Humsol. Certified resolutions of the Board of Directors of Humana are attached hereto as **Exhibit 10**, and certified resolutions of Humsol's Board are attached hereto as **Exhibit 11**. A copy of the consent action of Arcadian's shareholders relating to the Merger Agreement is attached as **Exhibit 12**.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

There is no broker or dealer associated with the Acquisition transaction. Arcadian Management has engaged Houlihan Lokey to serve exclusively as its financial advisor with respect to the transactions contemplated in the Merger Agreement. Humana retained Credit Suisse for a limited scope of financial advisory services.

Humana's fees payable to Credit Suisse are estimated to approximate \$2.5 million. Arcadian Management advises that its fees payable to Houlihan Lokey are expected to approximate \$3,411,000. The parties will also pay their respective legal fees relating to negotiating, documenting, obtaining regulatory approvals for, and consummating the Acquisition.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

(b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding five fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year, if such information is available. Such statements may be prepared on either an individual basis, or, unless the commissioner otherwise requires, on a consolidated basis if such consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the annual statement of such person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of such state.

(c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required by Form A or WAC 284-18-300 or 284-18-320.

Exhibits 13A-E and 14 contain the financial statements required in this Item 12:

- Annual Reports of Humana, containing Form 10-K and fully audited consolidated financial statements of Humana and affiliates, for the years ending upon December 31, 2009 & 2010; and
- Form 10-Q of Humana for the period ending June 30, 2011.

In addition, **Exhibit 1** is a copy of the Merger Agreement, and **Exhibit 2** provides a summary thereof intended for readers' convenience.

In connection with the Acquisition, there are no proposed employment, consultation, advisory or management contracts concerning Arcadian Management or Arcadian Health Plan.

Humana hereby respectfully requests the Department's approval to furnish these audited and (for 2011) unaudited statements on a consolidated basis, the basis on which Humana prepares, files with the SEC, and publishes them as public, reporting company.

Exhibit List

- Exhibit 1-A: Agreement and Plan of Merger dated as of August 24, 2011, by and among Humana, Humsol, Arcadian Management, and Certain Stockholders of Arcadian Management.
- Exhibit 1-B: Disclosure Schedules to Merger Agreement.
- Exhibit 2: Summary of Agreement and Plan of Merger (prepared and submitted for the Department's convenience)
- Exhibit 3: Contact information for regulatory officials of various states for Form A filings.
- Exhibit 4-A: Pre-Closing Organizational Chart showing the identities and interrelationships among Humana and all its affiliates.
- Exhibit 4-B: Pre-Closing Organizational Chart of Arcadian Management and its affiliates.
- Exhibit 5: Post-Closing Organizational Chart of Humana showing the identities and interrelationships among Humana and all its affiliates.
- Exhibit 6: A list of Directors and Executive Officers of Humana and Biographical Information for same.
- Exhibit 7: A list of Directors and Executive Officers of Humsol and Biographical Information for same.
- Exhibit 8: Humsol Certificate of Incorporation.
- Exhibit 9: Humsol Bylaws.
- Exhibit 10: Humana Board of Director Resolutions.
- Exhibit 11: Humsol Board of Director Resolutions.
- Exhibit 12: Written Consent Action of Arcadian Management Shareholders.
- Exhibit 13-A: Annual Report of Humana for the year ended December 31, 2006.
- Exhibit 13-B: Annual Report of Humana for the year ended December 31, 2007.
- Exhibit 13-C: Annual Report of Humana for the year ended December 31, 2008.
- Exhibit 13-D: Annual Report of Humana for the year ended December 31, 2009.
- Exhibit 13-E: Annual Report of Humana for the year ended December 31, 2010.

Exhibit 14: Quarterly Report of Humana on Form 10-Q filed with the U.S. Securities and Exchange Commission for the period ending June 30, 2011.

SIGNATURE

Pursuant to the requirements of section 4, chapter 462, Laws of 1993, Humana Inc. has caused this application to be duly signed on its behalf in the City of Louisville and the Commonwealth of Kentucky on the 21 day of September, 2011.

(SEAL)

Humana Inc.

By Joan O. Lenahan
Joan O. Lenahan
Vice President & Corporate Secretary

Attest:

Joseph C. Ventura
Assistant Corporate Secretary

CERTIFICATION

The undersigned deposes and says that she has duly executed the attached application dated September 21, 2011 for and on behalf of Humana Inc.; that she is the Vice President & Corporate Secretary of such company; and that she is authorized to execute and file such instrument. Deponent further says that she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information and belief.

(Signature) Joan O. Lenahan
Joan O. Lenahan
Vice President & Corporate Secretary



SIGNATURE

Pursuant to the requirements of section 4, chapter 462, Laws of 1993, Humsol, Inc. has caused this application to be duly signed on its behalf in the City of Louisville and the Commonwealth of Kentucky on the 21 day of September, 2011.

(SEAL)

Humsol, Inc.

By Joan O. Lenahan
Joan O. Lenahan
Vice President & Corporate Secretary

Attest:



Joseph C. Ventura
Assistant Corporate Secretary

CERTIFICATION

The undersigned deposes and says that she has duly executed the attached application dated September 21, 2011 for and on behalf of Humsol, Inc.; that she is the Vice President & Corporate Secretary of such company; and that she is authorized to execute and file such instrument. Deponent further says that she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information and belief.

Joan O. Lenahan
Joan O. Lenahan
Vice President & Corporate
Secretary

AGREEMENT AND PLAN OF MERGER

by and among

HUMANA INC.,

HUMSOL, INC.

ARCADIAN MANAGEMENT SERVICES, INC.,

and

CERTAIN STOCKHOLDERS OF ARCADIAN MANAGEMENT SERVICES, INC.

Dated as of August 24, 2011

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EXHIBITS

Exhibit A	Stockholder List; Initial Pro Rata Share; Proportionate Share
Exhibit B	Escrow Agreement
Exhibit C	Stockholder Consent
Exhibit D	Statutory Reserve Requirements

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is entered into as of August 24, 2011, by and among Humana Inc., a Delaware corporation ("Parent"), Humsol, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), Arcadian Management Services, Inc., a Delaware corporation (the "Company"), and the stockholders of the Company that are signatories hereto (each individually a "Stockholder Party" and collectively the "Stockholder Parties").

RECITALS

A. Each Stockholder (as defined hereinafter) owns that number and type of shares of the capital stock of the Company set forth opposite such Stockholder's name on Exhibit A.

B. The parties hereto desire that Merger Sub merge with and into the Company, with the Company being the surviving corporation, so that the separate existence of Merger Sub will cease, and the Company will assume all assets and liabilities of Merger Sub and thereafter continue as the surviving corporation on the terms and conditions set forth herein.

C. Each of the respective Boards of Directors of Parent, Merger Sub and the Company has approved this Agreement and the merger on the terms and conditions set forth herein.

D. The Company's board of directors has determined that the merger consideration provided for herein is fair to the holders of the Company's capital stock, and has resolved to recommend that the holders of the Company's capital stock approve the merger on the terms and conditions set forth herein.

E. The Stockholder Parties, who collectively hold the requisite number of shares of capital stock of the Company necessary to approve this Agreement and the merger on the terms and conditions set forth herein, have approved this Agreement and the merger on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties hereby agree as follows (capitalized terms shall have the meanings ascribed to them in Sections 2.1 and Section 14, unless otherwise indicated):

Section 1 THE MERGER

1.1 The Merger. At the Effective Time and upon the terms and subject to the conditions of this Agreement and in accordance with the DGCL, Merger Sub shall be merged with and into the Company (the "Merger"). Following the Merger, the Company shall continue as the surviving corporation (sometimes referred to herein as the "Surviving Corporation") and the separate corporate existence of Merger Sub shall cease.

1.2 Effective Time. At the Closing, Parent, Merger Sub and the Company shall duly execute and cause to be duly filed with the Secretary of State of the State of Delaware in accordance with the DGCL a Certificate of Merger (the "Certificate of Merger"). The Merger shall be deemed effective at the time that such agreement and such certificates are duly filed with the Delaware Secretary of State (the "Effective Time").

1.3 Effects of the Merger. The Merger shall have the effects set forth in the DGCL. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, all the properties, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

1.4 Certificate of Incorporation and Bylaws. The Certificate of Incorporation and the Bylaws of Merger Sub in effect at the Effective Time shall be the Certificate of Incorporation and Bylaws of the Surviving Corporation.

1.5 Directors and Officers. The directors and officers of Merger Sub at the Effective Time shall be the initial directors and officers of the Surviving Corporation, each to hold office in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation until their resignation, removal or replacement.

1.6 Authorization to Act on behalf of Merger Sub and the Company. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are reasonably necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights or assets of either Merger Sub or the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of each of Merger Sub and the Company or otherwise, all such deeds, bills of sale, assignments and assurances and to take and do, in such names and on such behalves or otherwise, all such other actions and things as may be reasonably necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights or assets in the Surviving Corporation or otherwise to carry out the purposes of this Agreement.

Section 2 MERGER CONSIDERATION

2.1 Definitions. As used in this Agreement:

(a) "Base Purchase Price" means One Hundred Fifty Million Dollars (\$150,000,000.00).

(b) "Closing Merger Consideration Per Share Balance" means the quotient of:
(i) the portion, if any, of the Total Closing Merger Consideration not payable to the holders of the Series A Preferred Stock in respect of the Series A Liquidation Amount, the Series B Preferred Stock in respect of the Series B Liquidation Amount, the Series B-1 Preferred Stock in respect of the Series B-1 Liquidation Amount or the Series C Preferred Stock in respect of the

Series C Liquidation Amount, and (ii) the total number of shares of Common Stock issued and outstanding immediately prior to the Effective Time with shares of Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock treated for this purpose as if they had been converted into shares of Common Stock at the then-applicable conversion rate in accordance with the Certificate of Incorporation of the Company (after giving effect to any Warrants exercised before the Effective Time).

(c) "Common Stock" means common stock of the Company, par value \$0.001 per share.

(d) "Company Capital Stock" means shares of issued and outstanding Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock, Series C Preferred Stock or Common Stock.

(e) "Escrow Amount" means \$25,500,000.

(f) "Per Share Merger Consideration" means an amount equal to the amount a Stockholder would be entitled to receive pursuant to Section 2.2 when and if such amount is due.

(g) "Series A Liquidation Amount" means One Dollar (\$1) plus all declared and unpaid dividends on a share of Series A Preferred Stock.

(h) "Series B Liquidation Amount" means One Dollar and Ninety-Two and One/Half Cents (\$1.925) plus all declared and unpaid dividends on a share of Series B Preferred Stock.

(i) "Series B-1 Liquidation Amount" means One Dollar (\$1) plus all declared and unpaid dividends on a share of Series B-1 Preferred Stock.

(j) "Series C Liquidation Amount" means Ten Dollars and Seventy-Three and Four/Tenths Cents (\$10.734); plus all declared and unpaid dividends on a share of Series C Preferred Stock; provided, however, that in the event that the amount payable per share of Series C Preferred Stock pursuant to Section 2.2(a)(iv)(D) exceeds Twenty-One Dollars and Forty-Six and Eight/Tenths Cents (\$21.468), then the "Series C Liquidation Amount" shall be deemed to be Seven Dollars and Fifteen and Six/Tenths Cents (\$7.156).

(k) "Series A Preferred Stock" means Series A Preferred Stock of the Company, par value \$0.001 per share.

(l) "Series B Preferred Stock" means Series B Preferred Stock of the Company, par value \$0.001 per share.

(m) "Series B-1 Preferred Stock" means Series B-1 Preferred Stock of the Company, par value \$0.001 per share.

(n) "Series C Preferred Stock" means Series C Preferred Stock of the Company, par value \$0.001 per share.

(o) "Stockholder" means a holder of shares of Company Capital Stock.

(p) "Total Closing Merger Consideration" means the result of: the Base Purchase Price plus or minus, as applicable, the Estimated Value Surplus or the Estimated Value Deficiency, less the Escrow Amount, less the payments made pursuant to Sections 3.2(b)(vi) and 3.2(b)(vii).

2.2 Conversion. On the terms and subject to the conditions of this Agreement, at the Effective Time (or such other time as specified herein):

(a) each share of Company Capital Stock issued and outstanding immediately prior to the Effective Time shall by virtue of the Merger be converted into the right to receive:

(i) the Closing Merger Consideration Per Share Balance,

(ii) the amount, if any, to be paid pursuant to Section 4.3(b) with respect to the Excess Value Adjustment Amount,

(iii) the amount, if any, to be paid pursuant to Section 2.4 with respect to the Escrow Amount, plus

(iv) in the case of shares of the Company's Preferred Stock:

(A) in the case of shares of Series A Preferred Stock, the Series A Liquidation Amount;

(B) in the case of shares of Series B Preferred Stock, the Series B Liquidation Amount;

(C) in the case of shares of Series B-1 Preferred Stock the Series B-1 Liquidation Amount; and

(D) in the case of shares of Series C Preferred Stock, the Series C Liquidation Amount; and

(b) each issued and outstanding share of common stock of Merger Sub shall by virtue of the Merger be converted into and become one (1) share of common stock of the Surviving Corporation.

2.3 Payment of Merger Consideration.

(a) *Paying Agent*. American Stock Transfer & Trust Company, LLC shall act as paying agent (the "Paying Agent") for the payment of the Per Share Merger Consideration upon surrender of certificates representing shares of Company Capital Stock (the "Certificates"). Parent shall take all steps necessary to enable and cause the Surviving Corporation to provide to the Paying Agent on a timely basis, as and when needed after the Effective Time, all of the cash necessary to pay for the shares of Company Capital Stock (such cash being hereinafter referred to as the "Exchange Fund").

(b) *Exchange Procedure.* As soon as reasonably practicable after the Effective Time, the Paying Agent shall mail to each holder of record of a Certificate that immediately prior to the Effective Time represented outstanding shares of Company Capital Stock whose shares were converted into the right to receive the Per Share Merger Consideration: (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Paying Agent and shall be in such form and have such other provisions as Parent and the Company may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Per Share Merger Consideration. Upon surrender of a Certificate for cancellation to the Paying Agent or to such other agent or agents as may be appointed by Parent, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Paying Agent, the holder of such Certificate shall be entitled to receive in exchange therefor the Per Share Merger Consideration on the terms and subject to the conditions otherwise set forth herein, and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of shares of Company Capital Stock that is not registered in the transfer records of the Company, payment may be made to a person other than the person in whose name the Certificate so surrendered is registered, if such Certificate shall be properly endorsed or otherwise be in proper form for transfer and the person requesting such payment shall pay any transfer or other taxes required by reason of the payment to a person other than the registered holder of such Certificate or establish to the satisfaction of Parent that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 2.3, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the amount of cash, without interest, into which the shares of Company Capital Stock theretofore represented by such Certificate have been converted pursuant to Section 2.2. No interest shall be paid or accrue on the cash payable upon surrender of any Certificate.

(c) *No Further Ownership Rights in Shares of Company Capital Stock.* The Per Share Merger Consideration paid in accordance with the terms of this Section 2 upon conversion of any shares of Company Capital Stock shall be deemed to have been paid in full satisfaction of all rights pertaining to such shares of Company Capital Stock, and after the Effective Time there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of shares of Company Capital Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any Certificates formerly representing shares of Company Capital Stock are presented to the Surviving Corporation or the Paying Agent for any reason, they shall be canceled and exchanged as provided in this Section 2.

(d) *Termination of Exchange Fund.* Any portion of the Exchange Fund that remains undistributed to the holders of Company Capital Stock for twenty-four (24) months after the Effective Time shall be delivered to Parent, upon demand, and any holder of Company Capital Stock who has not theretofore complied with this Section 2 shall thereafter look only to Parent for payment of its claim for Per Share Merger Consideration.

(e) *No Liability.* None of Parent, Merger Sub, the Company or the Paying Agent shall be liable to any person in respect of any cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Applicable Law. If any Certificate has not been surrendered prior to five (5) years after the Effective Time (or immediately prior to such earlier date on which the Per Share Merger Consideration in

respect of such Certificate would otherwise escheat to or become the property of any Governmental Authority), then any such shares, cash, dividends or distributions in respect of such Certificate shall, to the extent permitted by Applicable Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto.

2.4 Escrow Agreement; Escrow Amount Payments. On or prior to the Closing Date, Parent, the Stockholder Representative and American Stock Transfer & Trust Company, LLC (the "Escrow Agent") shall enter into an Escrow Agreement substantially in the form of Exhibit B hereto (the "Escrow Agreement"), providing for the establishment of an escrow account (the "Escrow Account") with the Escrow Agent which will be allocated to the resolution of Closing Value adjustments pursuant to Section 4.3(a) and the determination of any Stockholder Party indemnification obligations under Section 12. At the Closing, Parent shall deposit into the Escrow Account the Escrow Amount. The Escrow Amount shall be held, invested and disbursed in accordance with the terms, conditions and provisions of the Escrow Agreement. The Escrow Amount, plus any interest or other earnings earned on the Escrow Amount in the Escrow Account is referred to herein as the "Escrow Funds." On the later of the fifteen (15) month anniversary of the Effective Date and (b) the second (2nd) Business Day following the date that the Closing Value is finally determined pursuant to Section 4 hereof (the "First Escrow Payment Date"), the Escrow Agent shall release to the Stockholders (in proportion to each Stockholder's Proportionate Share unless otherwise directed by the Stockholder Representative) an amount equal to (x) \$3,500,000 plus any interest or other earnings earned on the Escrow Amount minus (y) any amounts previously deducted from the Escrow Funds to cover claims made by Parent Indemnitees pursuant to Section 4.3 or Section 11.2 minus (z) the amount of any then-outstanding claims made in good faith by Parent Indemnitees pursuant to Section 4.3 or Section 11.2. On the date that is eighteen (18) months after the Effective Date (the "Second Escrow Payment Date"), the Escrow Agent shall distribute to the Stockholders (in proportion to each Stockholder's Proportionate Share unless otherwise directed by the Stockholder Representative) an amount equal to (A) \$9,500,000 plus any interest or other earnings earned on the Escrow Amount minus (B) any amounts previously deducted (following the First Escrow Release Date) from the Escrow Funds to cover claims made by Parent Indemnitees pursuant to Section 4.3 or Section 11.2 minus (C) the amount of any then-outstanding claims made in good faith by Parent Indemnitees (following the First Escrow Release Date) pursuant to Section 4.3 or Section 11.2. On the date that is twenty-four (24) months after the Effective Date (the "Third Escrow Payment Date"), the Escrow Agent shall distribute to the Stockholders (in proportion to each Stockholder's Proportionate Share unless otherwise directed by the Stockholder Representative) an amount equal to (A) \$9,500,000 plus any interest or other earnings earned on the Escrow Amount minus (B) any amounts previously deducted (following the Second Escrow Release Date) from the Escrow Funds to cover claims made by Parent Indemnitees pursuant to Section 4.3 or Section 11.2 minus (C) the amount of any then-outstanding claims made in good faith by Parent Indemnitees (following the Second Escrow Release Date) pursuant to Section 4.3 or Section 11.2. On the date that is thirty-six (36) months after the Effective Date, the Escrow Agent shall distribute to the Stockholders (in proportion to each Stockholder's Proportionate Share unless otherwise directed by the Stockholder Representative) an amount equal to the then-remaining balance of the Escrow Funds, less the amount of any then-outstanding claims made in good faith by Parent Indemnitees pursuant to Section 4.3 or Section 11.2, to each Stockholder in proportion to each Stockholder's Proportionate Share unless otherwise directed by the

Stockholder Representative. To the extent that any portion of the Escrow Funds are not released at either Escrow Payment Date because it is subject to claims pending at such Escrow Payment Date, such remaining Escrow Funds shall be disbursed by the Escrow Agent to the Stockholders (in accordance with the mechanics set forth in this Section) to the extent, and at such time as, the claim is finally resolved in favor of the Stockholders. In the event of any disagreement between Parent and the Stockholder Representative regarding the dollar amount of the Closing Value adjustment or the Stockholders' indemnification obligations, Parent and the Stockholder Representative shall submit such dispute to an independent accounting firm of national standing, as mutually selected by Parent and the Stockholder Representative (or if Parent and the Stockholder Representative cannot agree, by mutual agreement of the independent accounting firms of national standing selected by each of Parent and the Stockholder Representative) (the "Arbitrator") for resolution pursuant to Section 4.2 (in the case of a disagreement relating to the Closing Value adjustment) or to arbitration pursuant to Section 13.8 of this Agreement in all other cases. The Escrow Agent's fees shall be paid by Parent.

2.5 Warrants. Before the Closing Date, the Company shall take such actions (including, without limitation, entering into appropriate agreements with the holders of the Warrants) as are reasonably required to provide that before the Closing, each Warrant will either be exercised in accordance with the terms thereof (and converted, at the Effective Time, into the right to receive the Per Share Merger Consideration) or terminated. The Company will take all reasonable actions to terminate the Warrants as of the Effective Time, all in a manner so that the Surviving Corporation will have no payment, share issuance or other liability in respect thereof. The Company shall also take all actions necessary to ensure that before the Closing Date the Arcadian Management Services, Inc. 2007 Equity Incentive Plan is terminated and that no Warrants or other awards, whether or not then exercisable, are outstanding thereunder.

2.6 Stock Books; Ongoing Rights. Immediately prior to the Closing Date, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of shares of Company Capital Stock on the records of the Company. From and after the Closing Date, the holders of Certificates representing shares of Company Capital Stock outstanding immediately prior to the Closing Date shall cease to have any rights with respect to such shares of Company Capital Stock except as otherwise provided for herein.

2.7 Dissenting Rights. Notwithstanding anything in this Agreement to the contrary, shares of Company Capital Stock that are outstanding immediately prior to the Effective Time and that are held by any person who is entitled to demand and properly demands payment of the fair value of such shares ("Dissent Shares") pursuant to, and who complies in all respects with, Section 262 of the DGCL ("Section 262") shall not be converted into a right to receive consideration hereunder, but rather the holders of Dissent Shares shall be entitled to payment of the fair market value of such Dissent Shares in accordance with Section 262; provided, however, that if any such holder shall fail to perfect or otherwise shall waive, withdraw or lose the right to receive payment of fair market value under Section 262, then the right of such holder to be paid the fair value of such holder's Dissent Shares shall cease and such Dissent Shares shall be deemed to have been converted as of the Effective Time into, and to have become exchangeable solely for the right to receive a portion of the Total Closing Merger Consideration, the Excess Value Adjustment Amount (if any) and the amount, if any, to be paid pursuant to Section 2.4 with respect to the Escrow Amount in accordance with the terms of this Agreement. The

Company shall serve reasonably prompt notice to Parent of any demands received by the Company for appraisal of any shares of Company Capital Stock, and Parent shall have the right to participate in all negotiations and proceedings with respect to such demands. Prior to the Closing, the Company will not voluntarily make any payment with respect to any demands made under Section 262 and will not, except with Parent's prior written consent (not to be unreasonably withheld, delayed or conditioned), settle or offer to settle any such demands; it being agreed that following the Closing the Surviving Corporation, with the Stockholder Representative's prior written consent, will have the exclusive right to make any payments with respect to any such demands, and to settle or offer to settle any such demands. As soon as possible after the date hereof, the Company will provide to its Stockholders all notices required by Section 262 concerning the rights of the Stockholders to exercise dissenters' rights under Section 262 with respect to the Merger.

2.8 Withholding Rights. Each of the Surviving Corporation and Parent shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign law relating to Taxes. To the extent that amounts are so withheld by the Surviving Corporation or Parent, as the case may be, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Company Capital Stock in respect of which such deduction and withholding was made by the Surviving Corporation or Parent, as the case may be.

2.9 Lost Certificates. If any Certificate representing shares of Company Capital Stock outstanding immediately prior to the Effective Time shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and an agreement to indemnify against any claim that shall be made against the Surviving Corporation or Parent with respect to such Certificate, Parent will deliver in exchange for such lost, stolen or destroyed Certificate the consideration to be paid in respect of the shares of Company Capital Stock represented by such Certificate as contemplated by this Section 2.

Section 3 CLOSING

3.1 Closing of the Merger. The closing of the Transactions (the "Closing") shall take place at 10:00 a.m. on the third (3rd) business day after all of the conditions to the respective obligations of the parties hereto set forth in Sections 10.1, 10.2 and 10.3 shall have been satisfied or waived, or at such other time and date as Parent and the Company shall mutually agree. The date on which the Closing actually occurs is referred to as the "Closing Date." The Closing shall take place at the offices of Sheppard, Mullin, Richter & Hampton LLP, 333 South Hope Street, 43rd Floor, Los Angeles, California 90071. The Closing shall be deemed effective as of 11:59 p.m. Los Angeles time on the Closing Date.

3.2 Closing Actions.

(a) At the Closing, the Company and the Stockholder Parties shall execute and deliver, or cause to be executed and delivered, to Parent:

(i) a counterpart to the Certificate of Merger, duly executed by the Company;

(ii) a counterpart to the Escrow Agreement, duly executed by the Stockholder Representative;

(iii) a certificate, dated the Closing Date, in form and substance reasonably satisfactory to Parent, duly executed by an officer of the Company certifying: (A) the authenticity and effectiveness of the actions of the Board of Directors of the Company authorizing the execution and delivery of this Agreement and the Ancillary Agreements, (B) the authenticity and effectiveness of the actions of the Stockholders authorizing the execution and delivery of this Agreement and the Ancillary Agreements, in the form attached hereto as Exhibit C, executed by the requisite number of Stockholders in accordance with the Company's Certificate of Incorporation and the DGCL, (C) that the Company properly provided to the Stockholders all notices, if any, required by Section 262 and the Company's Bylaws concerning the rights of the Stockholders to exercise dissenters' rights thereunder with respect to the Merger and that the period for exercising such dissenters' rights in accordance therewith has expired or been validly waived, (D) the Certificate of Incorporation of the Company and (E) the Bylaws of the Company;

(iv) a certificate, dated the Closing Date, in form and substance reasonably satisfactory to Parent, duly executed by the Stockholder Representative, certifying that the conditions set forth in Sections 10.3(a) through 10.3(d) have been fully satisfied;

(v) fully executed copies of all registrations, filings, applications, notices, consents, approvals, orders, qualifications and waivers listed on Schedule 3.2(a)(v), in form and substance reasonably satisfactory to Parent;

(vi) executed resignations, in form and substance reasonably satisfactory to Parent, from the officers and directors of the Company and the Company Subsidiaries as Parent may direct prior to the Closing;

(vii) evidence, in form and substance reasonably satisfactory to Parent evidencing the repayment, discharge and satisfaction in full of all Indebtedness and Transaction Expenses of the Company (and the release of all Encumbrances relating thereto);

(viii) evidence, in form and substance reasonably satisfactory to Parent, that: (A) all Warrants have either been terminated or exercised, and (B) all agreements among or between any of the Stockholders and/or the Company relating to Company Capital Stock, including, without limitation, the Investor Rights Agreement, have been terminated, in each case in a manner so that the Surviving Corporation will have no payment, share issuance or other liability in respect thereof;

(ix) an updated Exhibit A which shall identify, with respect to each Stockholder, the number and class of shares of Company Capital Stock held by such Stockholder immediately prior to the Effective Time, such Stockholder's Pro Rata Share as of the Closing and such Stockholder's Proportionate Share;

(x) an affidavit that complies with Treasury Regulations Section 1.897-2(h) to the effect that the none of the Company Capital Stock is a "United States real property interest" as defined in Section 897(c) of the IRC; and

(xi) such other documents as Parent or Merger Sub may reasonably request for the purpose of consummating the Transactions.

(b) At the Closing, Parent and Merger Sub shall execute and deliver, or cause to be executed and delivered to the Stockholder Representative (or such other Person as noted):

(i) a counterpart to the Certificate of Merger, duly executed by Parent and Merger Sub, and confirmation of the filing thereof together with the executed copy of this Agreement with the Secretary of State of the State of Delaware;

(ii) a counterpart to the Escrow Agreement, duly executed by Parent and the Escrow Agent;

(iii) a certificate, dated the Closing Date, in form and substance reasonably satisfactory to the Stockholder Representative, executed by an officer of Parent and Merger Sub, certifying: (A) the authenticity and effectiveness of the actions of the Board of Directors of Parent and Merger Sub authorizing the execution and delivery of this Agreement and the Ancillary Agreements, (B) the Certificate of Incorporation of Parent and Merger Sub and (C) the Bylaws of Parent and Merger Sub;

(iv) a certificate, dated the Closing Date, in form and substance reasonably satisfactory to the Stockholder Representative, duly executed by Parent and Merger Sub, certifying that the conditions set forth in Sections 10.3(a) and 10.3(b) have been fully satisfied;

(v) payment of the Escrow Amount to the Escrow Agent by wire transfer of immediately available funds;

(vi) payment to the lenders on Schedule 3.2(b)(vi) on behalf of the Company in the amount of the Company's outstanding Indebtedness as of the Closing with such parties by wire transfer of immediately available funds;

(vii) payment of One Million Dollars (\$1,000,000) by wire transfer of immediately available funds to a segregated account designated by the Stockholder Representative for the sole purpose of performing the Stockholder Representative's duties hereunder;

(viii) such other documents as the Stockholder Representative may reasonably request for the purpose of consummating the Transactions.

Section 4
MERGER CONSIDERATION ADJUSTMENT

4.1 Estimated Closing Value Statement. On or before a date not less than two (2) business days prior to the Closing Date, the Company shall prepare and deliver to Parent a statement (the "Estimated Closing Value Statement") of the Company's good faith estimate of (a) the Working Capital of the Company (on an unconsolidated basis) and (b) the Statutory Reserve of each of the Company Subsidiaries, in each case of (a) and (b), as of the Closing (the aggregate of (a) and (b) the "Estimated Value"); provided, however, that for purposes of calculating Estimated Value, the Statutory Reserve of Arcadian Health Plan, Inc. shall be reduced by 60% of the Statutory Reserve of Arkansas Community Care, Inc. With respect to the Working Capital of the Company, the current assets and current liabilities reflected on the Estimated Closing Value Statement shall be defined and prepared in accordance with GAAP without financial statement footnotes on a basis consistent (to the extent consistent with GAAP) with the Company Financial Statements. The amount, if any, by which the Estimated Value exceeds the Reference Value, is referred to herein as the "Estimated Value Surplus." The amount, if any, by which the Estimated Value is less than the Reference Value is referred to herein as the "Estimated Value Deficiency." The Company shall provide Parent with such supporting information used in the preparation of the Estimated Closing Value Statement as Parent may reasonably request. For purposes of calculating the Statutory Reserve of a Company Subsidiary, any overstatement or understatement of the Statutory Reserve of such Company Subsidiary that is attributable to an understatement or overstatement (respectively) of the unpaid loss reserves of such Company Subsidiary shall be deemed to adjust the Estimated Closing Value only on a Tax-adjusted basis. For purposes of illustrating how "Tax-adjusted basis" will be determined, if (i) the Statutory Reserve for a Company Subsidiary is determined to be \$100 pursuant to the adjustment mechanism in Sections 4.1 and 4.2, (ii) the Target Statutory Reserve on Exhibit D for such Company Subsidiary is \$90, and (iii) the increase in the Statutory Reserve for such Company Subsidiary results from a reduction in unpaid loss reserves (due to reserves exceeding claims) in an amount of \$10, then the reduction in unpaid loss reserves would result in \$3.50 ($\$10 \times 35\%$ federal tax rate) of federal income taxes, so the increase to the Estimated Value or Closing Value in respect of such Company Subsidiary pursuant to Section 4.1 or 4.2 would be \$6.50.

4.2 Closing Value Statement. Not later than October 31, 2012, Parent shall deliver to the Stockholder Representative a statement (the "Closing Value Statement") setting forth Parent's proposed determination of (a) the Working Capital of the Company (on an unconsolidated basis) and (b) the Statutory Reserve of each of the Company Subsidiaries, in each case of (a) and (b), as of the Closing (the aggregate of (a) and (b) as finally determined in accordance with this Section 4.2, the "Closing Value"); provided, however, that for purposes of calculating Closing Value, the Statutory Reserve of Arcadian Health Plan, Inc. shall be reduced by 60% of the Statutory Reserve of Arkansas Community Care, Inc. With respect to the Working Capital of the Company, the current assets and current liabilities reflected on the Closing Value Statement shall be defined and prepared in accordance with GAAP without financial statement footnotes on a basis consistent (to the extent consistent with GAAP) with the Company Financial Statements; provided, however, that Closing Value will not include any changes in assets or liabilities as a result of purchase accounting adjustments arising from or resulting as a consequence of the Transactions. With respect to the Statutory Reserves of the Company Subsidiaries reflected on

the Closing Value Statement: (i) the Statutory Reserves as of the Closing shall reflect any Federal Reconciliation Adjustments that are made on or prior to September 30, 2012; provided, that any overstatement or understatement of the Statutory Reserve of a Company Subsidiary that is attributable to an understatement or overstatement (respectively) of the unpaid loss reserves of such Company Subsidiary shall be deemed to adjust the Closing Value only on a Tax-adjusted basis; and (ii) the Medical Claims Reserve included in the determination of the Statutory Reserves of each of the Company Subsidiaries for purposes of the Closing Value Statement shall be equal to the aggregate dollar amount of: (X) the total amount of Medical and Pharmacy Claims incurred prior to the Closing which are paid following the Closing but on or prior to September 30, 2012, (Y) all recoveries and repayments of Medical and Pharmacy Claims incurred and paid prior to the Closing which are applied, credited, offset or received after the Closing but prior to September 30, 2012 (including repayments or recoveries received or due for overpayments, from reinsurance and stop-loss coverage, subrogation and coordination of benefits), and (Z) a good faith estimate of all Medical and Pharmacy Claims incurred prior to the Closing which have not been paid prior to September 30, 2012. For the avoidance of doubt, the Closing Value Statement delivered by Parent to the Stockholder Representative shall be final, binding and conclusive unless the Stockholder Representative, within thirty (30) days after delivery to the Stockholder Representative of the Closing Value Statement, notifies Parent in writing that the Stockholder Representative disputes any of the amounts set forth therein, specifying the nature of the dispute and the basis therefor. The parties shall in good faith attempt to resolve any dispute and, if the parties so resolve all disputes, the Closing Value Statement, as amended to the extent necessary to reflect the resolution of the dispute, shall be final, binding and conclusive. If the parties do not reach agreement in resolving the dispute within ten (10) business days after notice is given by the Stockholder Representative to Parent pursuant to the second preceding sentence, then the Arbitrator shall be engaged by the Parent and the Stockholder Representative to perform a review of the Closing Value Statement. Parent and the Stockholder Representative each shall be permitted to present a supporting brief to the Arbitrator (which supporting brief shall also be concurrently provided to the other party) within thirty (30) days of the appointment thereof. Within twenty (20) days of receipt of a supporting brief, the receiving party may present a responsive brief to the Arbitrator (which responsive brief shall also be concurrently provided to the other party). The Arbitrator shall make its determination based exclusively on presentations and supporting material provided by the parties and not pursuant to any independent review. Conclusions shall be determined by the Arbitrator within thirty (30) days following delivery of the last brief timely submitted and shall be final, binding and conclusive as to such matters (other than with respect to manifest mathematical errors); provided, however, that the Arbitrator shall select either the position of Parent or the Stockholder Representative as a resolution for each item or amount disputed and may not impose an alternative resolution with respect to any item or amount disputed and must resolve the matter in accordance with the terms and provisions of this Agreement. Parent or the Stockholder Representative will share equally the incurred fees and expenses of such review and all other costs incurred, including the reasonable fees and expense incurred from the engagement of the Arbitrator for services related to Section 2.4 and this Section.

4.3 Closing Value Adjustments.

(a) If the Closing Value as finally determined in accordance with this Section 4 is less than the Estimated Value, then Parent shall be entitled to a prompt distribution from the Escrow Amount in the amount of such deficiency.

(b) If the Closing Value as finally determined in accordance with this Section 4 is more than the Estimated Value (such excess, the "Excess Value Adjustment Amount"), then, subject to the other terms and conditions of this Agreement, Parent shall pay (or cause to be paid) to each Stockholder such Stockholder's Proportionate Share (unless otherwise directed by the Stockholder Representative) of the Excess Value Adjustment Amount within three (3) business days of the final determination of the Closing Value.

Section 5 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Merger Sub that, except as set forth in the Disclosure Schedules, the statements contained in this Section 5 are true and correct on the date hereof and shall be true and correct on the Closing Date as if made thereon (other than representations and warranties which recite that they are only made as of a specific date, in which case they shall be true and correct as of such date).

5.1 Organization and Standing.

(a) The Company: (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) has all necessary corporate power and corporate authority to carry on its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use, and (iii) is duly qualified as a foreign entity in good standing under the laws of each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification necessary (except where failure to be so qualified would not have a Material Adverse Effect).

(b) Each Company Subsidiary: (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its organization (as such state is indicated in the definition of "Company Subsidiaries"); (ii) has all necessary corporate power and corporate authority to carry on its business as it is now being conducted, and to own or use the properties and assets that it purports to own or use, and (iii) is duly qualified as a foreign entity in good standing under the laws of each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification necessary (except where failure to be so qualified would not have a Material Adverse Effect).

5.2 Authority and Enforceability.

(a) The Company has all requisite corporate power and authority, and has taken all corporate action necessary, to execute and deliver this Agreement and each Ancillary Agreement to which it is a party and to perform its obligations hereunder and thereunder and to consummate the Transactions. This Agreement has been, and each Ancillary Agreement to which it is a party will be prior to the Closing, duly authorized, executed and delivered by the Company, and (assuming the due authorization, execution and delivery by Parent and Merger Sub) this Agreement constitutes, and each such Ancillary Agreement when so executed and

delivered will constitute, the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general equity principles (the "Remedies Exceptions"). The Board of Directors of the Company, by unanimous written consent of the directors, and the Stockholder Parties, by written consent, have (i) determined that this Agreement and each Ancillary Agreement to which the Company is a party and the Transactions are advisable, fair to and in the best interests of the Company's stockholders, and (ii) approved this Agreement, each Ancillary Agreement to which the Company is a party and the Transactions. No further vote of the holders of any capital stock of the Company is necessary to adopt this Agreement, each Ancillary Agreement to which the Company is a party or to approve the Transactions and the consummation thereof.

(b) Each Stockholder Party has all requisite power and authority (including any entity power and authority if such Stockholder Party is an entity and all authority under Applicable Laws relating to community property, if such Stockholder is an individual), and has taken all action necessary, to execute and deliver this Agreement and each Ancillary Agreement to which it is a party and to perform its obligations hereunder and thereunder and to consummate the Transactions. This Agreement has been, and each Ancillary Agreement to which a Stockholder Party is a party will be prior to the Closing, duly authorized, executed and delivered by such Stockholder Party, and (assuming the due authorization, execution and delivery by Parent and Merger Sub) this Agreement constitutes, and each Ancillary Agreement to which a Stockholder Party is a party when so executed and delivered will constitute, the legal, valid and binding obligations of such Stockholder Party, enforceable against such Stockholder Party in accordance with their terms, subject to the Remedies Exceptions.

5.3 No Violation of Law or Agreements.

(a) Except as set forth in Schedule 5.3(a), the execution and delivery by the Company and the Stockholder Parties of this Agreement and each Ancillary Agreement, and the performance by it of any actions contemplated hereunder or thereunder, does not and will not, directly or indirectly (with or without notice or lapse of time):

(i) Conflict with or violate: (A) any provision of the Certificate of Incorporation or Bylaws of the Company or any of the Company Subsidiaries or (B) any resolution adopted by the Company's Board of Directors or the stockholders of the Company;

(ii) Conflict with, violate, result in a breach of, result in the acceleration of obligations, loss of benefit or increase in Liabilities, create in any party the right to terminate, cancel or modify, or cause a material default (with or without due notice or lapse of time or both) under: (A) any provision of Applicable Law relating to the Company or any Company Subsidiary; (B) any provision of any order, arbitration award, judgment or decree to which the Company or a Company Subsidiary or any of its or their properties are subject; or (C) any provision of any Contract to which the Company or a Company Subsidiary is bound; except, in the case of clauses (A) through (C) above, as either individually or in the aggregate, are immaterial;

(iii) Cause any of the assets of the Company or the Company Subsidiaries to become subject to an Encumbrance;

(iv) Violate, conflict with, result in a breach of any provision of, or require redemption or repurchase or otherwise require the purchase or sale of any securities, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Encumbrance upon the Company Capital Stock or the capital stock of any of the Company Subsidiaries; or

(v) Require a registration, filing, application, notice, consent, approval, order, qualification or waiver with, to or from any Governmental Authority on the part of the Company or a Company Subsidiary other than compliance with and filings under the HSR Act.

5.4 Capitalization; Corporate Records.

(a) The total authorized capital stock of the Company consists of 10,000,000 shares of Common Stock, 850,000 shares of Series A Preferred Stock, 1,620,800 shares of Series B Preferred Stock, 450,000 shares of Series B-1 Preferred Stock and 2,725,000 shares of Series C Preferred stock. As of the date hereof, 3,028,493 shares of Common Stock, 735,000 shares of Series A Preferred Stock, 893,506 shares of Series B Preferred Stock, 450,000 shares of Series B-1 Preferred Stock and 2,693,544 shares of Series C Preferred Stock are issued and outstanding. All issued and outstanding shares of Company Capital Stock are duly authorized, validly issued, fully paid and nonassessable. There are no obligations, contingent or otherwise, of the Company to repurchase, redeem or otherwise acquire any of its shares of capital stock.

(b) Schedule 5.4(b) sets forth the following information with respect to each issued and outstanding Warrant, if applicable: (i) the date of issuance; (ii) the holder; (iii) the number of shares of Company Capital Stock that may be purchased upon exercise; and (iv) the per share exercise price. The Company has made available to Parent a true and complete copy of each agreement governing the Warrants. Except as set forth in this Section 5.4(b), there are no authorized or outstanding Other Securities of the Company.

(c) The Stockholders own the shares of Company Capital Stock set forth opposite their names on Exhibit A free and clear of all Encumbrances (other than securities law restrictions of general applicability and Permitted Encumbrances). Except as set forth on Schedule 5.4(c), there are no unexpired agreements among or between any of the Stockholders and/or the Company relating to capital stock of the Company.

(d) Except for the Company Subsidiaries, the Company does not control, directly or indirectly, or have any direct or indirect equity participation, joint venture or similar interest in, any Subsidiary or any other corporation, association, or other business entity. The authorized and issued and outstanding shares of capital stock of each of the Company Subsidiaries is set forth on Schedule 5.4(b), all of which shares issued and outstanding are owned beneficially and of record by the Company free and clear of all Encumbrances (other than

securities law restrictions of general applicability and Permitted Encumbrances). All issued and outstanding shares of capital stock of the Company Subsidiaries are duly authorized, validly issued, fully paid and nonassessable. Except as set forth on Schedule 5.4(b), there are no Other Securities of the Company Subsidiaries.

(e) The Company has made available to Parent true and complete copies of the Certificate of Incorporation and Bylaws or equivalent documents of the Company and the Company Subsidiaries as in effect on the date hereof. The minute books of the Company and the Company Subsidiaries, which have been made available to Parent, accurately reflect in all material respects all actions taken at all meetings and consents in lieu of meetings of their stockholders, and all actions taken at all meetings and consents in lieu of meetings of their board of directors and all committees. The Company has made available to Parent a true and complete copy of the stock ledger of the Company and each Company Subsidiary.

5.5 Financial Statements. The Company has delivered to Parent: (a) true and complete copies of the Company's audited consolidated balance sheet dated December 31, 2010, including the notes thereto, and the related audited consolidated statements of operations, stockholders' equity and cash flows for the fiscal year then ended (collectively, the "Company Year-End Financial Statements"); and (b) true and complete copies of the Company's unaudited consolidated interim balance sheet (the "Company Interim Balance Sheet") dated June 30, 2011 (the "Company Interim Balance Sheet Date") and the related unaudited consolidated statements of operations, stockholders' equity and cash flows for the four (4)-month period ended on the Company Interim Balance Sheet Date (the "Company Interim Financial Statements," and, together with the Company Year-End Financial Statements, the "Company Financial Statements"). The Company Financial Statements: (x) have been prepared in accordance with GAAP; and (y) fairly and accurately present in all material respects the assets, liabilities (including all reserves) and financial position of the Company and the Company Subsidiaries as of the dates thereof and the results of operations, changes in stockholders' equity and cash flow for the periods then ended, subject, in the case of the Company Interim Financial Statements, to normal recurring year-end adjustments and to the absence of notes.

5.6 No Undisclosed Liabilities.

(a) Neither the Company nor any Subsidiary has any debts, liabilities or obligations of a nature required by GAAP to be reflected on a or disclosed in the footnotes to the Company Financial Statements, except: (i) to the extent reflected and accrued for or reserved against in the Company Financial Statements, (ii) for debts and liabilities and obligations incurred in the ordinary and usual course of business consistent with past custom and practices since the Interim Balance Sheet Date, (iii) which, individually or in the aggregate, are not material, (iv) which were incurred in connection with this Agreement or (v) liabilities arising out of matters disclosed in the Disclosure Schedule. Notwithstanding the foregoing, no representation and warranty is made pursuant to this Section 5.6(a) with respect to any matter that is specifically addressed by another representation or warranty contained in this Agreement.

(b) Schedule 5.6(b) sets forth all Indebtedness of the Company or the Company Subsidiaries as of the date hereof.

(c) The Company and each of the Company Subsidiaries maintains internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and to maintain accountability of assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; (iv) material information relating to the Company and the Company Subsidiaries is promptly made known to the officers responsible for establishing and maintaining the system of internal control over financial reporting; (v) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (vi) any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Company's or any of the Company Subsidiaries' ability to record, process, summarize and report financial information, and any fraud (whether or not material) that involves management or other employees who have a significant role in the Company's and the Company Subsidiaries' internal control over financial reporting, are adequately and promptly disclosed to the Company's independent auditors and the audit committee of the Company's board of directors.

5.7 Absence of Certain Changes. Except as set forth in Schedule 5.7, from December 31, 2010 until the date hereof, the Company and the Company Subsidiaries have not taken any actions which, had such actions occurred after the date of this Agreement, would have breached any of the covenants set forth in Section 7.1, and have operated their businesses in the ordinary course, consistent with its past practice. Except as set forth in Schedule 5.7, or in the Company Financial Statements, from December 31, 2010 until the date hereof, there has not been:

- (a) any change constituting a Material Adverse Effect;
- (b) any acquisition or disposition by the Company or the Company Subsidiaries of any material asset or property other than in the ordinary course of business;
- (c) any issuance of any shares of the capital stock of the Company or the Company Subsidiaries or any direct or indirect redemption, purchase or other acquisition of any shares of the capital stock of the Company or the Company Subsidiaries;
- (d) any increase in the compensation, pension or other benefits payable or to become payable by either of the Company or the Company Subsidiaries to any of their officers or employees, or any bonus payments or arrangements made to or with any of them, other than (i) pursuant to the terms of any existing written agreement or plan of which Parent has been supplied complete and correct copies, (ii) in the ordinary course of business or (iii) with respect to newly-hired employees; or
- (e) any forgiveness or cancellation of any debt or claim, for an amount in excess of \$100,000 or for aggregate amounts in excess of \$500,000, by the Company or the Company Subsidiaries or any waiver of any right of material value.

5.8 Tax Matters. Except as set forth on Schedule 5.8:

(a) (i) All Tax Returns required to be filed by or on behalf of any of the Company, the Company Subsidiaries and any Affiliated Group have been duly and timely filed with the appropriate Taxing Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, complete and correct in all material respects; (ii) all Taxes payable by or on behalf of the Company, the Company Subsidiaries and any Affiliated Group have been fully and timely paid, and (iii) none of the Company or any Company Subsidiary has any liability for Taxes with respect to periods for which Tax Returns have been filed in excess of the amounts so paid. With respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due or owing, the Company and the Company Subsidiaries have made due and sufficient accruals for such Taxes in the Company Financial Statements and their books and records. All required estimated Tax payments sufficient to avoid any underpayment penalties or interest have been made by or on behalf of the Company or the Company Subsidiaries.

(b) Each of the Company and the Company Subsidiaries have complied in all material respects with all Applicable Laws relating to the payment and withholding of Taxes (including Taxes and other amounts required to be withheld by each of them in respect of any amount paid or credited or deemed to be paid or credited by them to or for the account or benefit of any Person, including any employees, independent contractors, creditors, equity owners, officers and directors, non-resident persons and any other third parties) have duly and timely withheld and paid over to the appropriate Taxing Authority all amounts required to be so withheld and paid under all Applicable Laws and have properly completed and timely filed all Forms W-2 and 1099 and all other Tax Returns required with respect thereto.

(c) Each of the Company and the Company Subsidiaries is in compliance in all material respects with all terms and conditions of any Tax exemption, Tax holiday or other Tax reduction agreement, approval or order of any Governmental Authority and the Transactions will not have any adverse effect on the validity and effectiveness of any such Tax exemption, Tax holiday or other Tax reduction agreement or order.

(d) Parent has been provided complete copies of all federal, state, local and foreign income or franchise Tax Returns of the Company and any of the Company Subsidiaries relating to the taxable periods beginning on or after January 1, 2007.

(e) Schedule 5.8 lists (i) all types of Taxes paid and all types of Tax Returns filed by or on behalf of the Company and the Company Subsidiaries, and (ii) all of the jurisdictions that impose such Taxes or with respect to which any of the Company or any Company Subsidiary has a duty to file such Tax Returns. No written claim has been made by a Taxing Authority in a jurisdiction where any of the Company or any Company Subsidiary does not file Tax Returns such that it is or may be subject to taxation by that jurisdiction.

(f) The Tax Returns of the Company and the Company Subsidiaries have never been examined, audited or investigated by any Taxing Authority. No deficiency, delinquency or default for any Taxes relating to the Company, any Company Subsidiary or their receipts, income, sales, transactions or other business activities has ever been claimed, proposed or assessed in writing against the Company or any Company Subsidiary nor has any of the

Company or any Company Subsidiary received written notice of any such deficiency, delinquency or default; and neither the Company nor any Company Subsidiary has been notified in writing of an audit, examination, investigation, claim, assessment, action, suit, or proceeding, pending or proposed by any Taxing Authority with respect to any Tax or with respect to any Tax Return of the Company or any Company Subsidiary. There is no lien or encumbrance for Taxes with respect to any assets or properties of the Company or any Company Subsidiary, except for liens and encumbrances imposed by law for Taxes not yet due and payable or not yet delinquent.

(g) The Company has never been a United States real property holding corporation within the meaning of IRC Section 897(c)(2).

(h) None of the Company or any Company Subsidiary is a party to or obligated under any Tax sharing, Tax indemnity, or similar agreement, policy, arrangement or practice with respect to Taxes (other than commercial contracts entered into with vendors, customers and landlords, the primary purpose of which is not to address Tax matters).

(i) None of the Company or any Company Subsidiary has (i) agreed to or is required to make any adjustments pursuant to Section 481(a) of the IRC or any similar provision of Applicable Laws or, to the Knowledge of the Company, has any Taxing Authority proposed any such adjustment, or has any application pending with any Taxing Authority requesting permission for any changes in accounting methods that relate to the Company or any of the Company Subsidiaries, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the IRC or any similar provision of Applicable Laws with respect to any of the Company or the Company Subsidiaries or (iii) granted to any Person any power of attorney that is currently in force with respect to any Tax matter.

(j) None of the Company or any Company Subsidiary has been either a "distributing corporation" or "controlled corporation" within the meaning of IRC Section 355(a)(1)(A) in any distribution intended to qualify under IRC Section 355 within the two-year period ending on the date of this Agreement or in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" within the meaning of IRC Section 355(e) in conjunction with the Merger.

(k) No property owned by any of the Company or any Company Subsidiary is: (i) "tax exempt use property" within the meaning of IRC Section 168(h)(1), (ii) tax-exempt bond financed property within the meaning of IRC Section 168(g), (iii) subject to a lease under IRC Section 7701(h) or any predecessor provision, (iv) "limited use property" within the meaning of Rev. Proc. 2001-28, (v) subject to Section 168(g)(1)(A) of the IRC, or (vi) subject to any provision of state, local or foreign Law comparable to any of the provisions listed above.

(l) None of the Company or any Company Subsidiary is subject to any private letter ruling of the IRS or comparable rulings of any Taxing Authority.

(m) None of the Company or any Company Subsidiary has ever been a member of any consolidated, combined, affiliated or unitary group of corporations for any Tax purposes other than the consolidated group of which the Company is the common parent.

(n) There is no taxable income of any of the Company or any Company Subsidiary that will be required under Applicable Laws relating to Taxes to be reported by Parent or any of its Affiliates, including the Company and the Company Subsidiaries, for a taxable period beginning after the Closing Date which taxable income was realized (and reflects economic income) arising prior to the Closing Date.

(o) None of the Company or any Company Subsidiary has, or has ever had, a permanent establishment in any country other than the United States, or has engaged in a trade or business in any country other than the United States that subjected it to Tax in such country.

(p) None of the Company or any Company Subsidiary has requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which: (i) to file any Tax Return for which the Company or any Company Subsidiary is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which any of the Company or any Company Subsidiary is or may be liable; (iii) any of the Company or any Company Subsidiary is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) any Taxing Authority may assess or collect Taxes for which any of the Company or any Company Subsidiary is or may be liable.

(q) None of the Company or any Company Subsidiary has made, prepared or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Tax Returns that has effect for any period ending after the Closing Date.

(r) The Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of IRC Section 6662.

(s) The Company does not have and has never had any obligation to register a tax shelter under Section 6111 of the IRC or to file any disclosure or maintain any list pursuant to Section 6112 of the IRC and regulations promulgated thereunder. None of the Company or any Company Subsidiary has engaged in a "reportable transaction" under Treasury Regulations Section 1.6011-4(b).

(t) For all taxable periods open to assessment, each Company Subsidiary qualifies as an insurance company other than a life insurance company for U.S. federal income Tax purposes and is subject to U.S. federal income taxation under Part II of Subchapter L of Chapter 1 of subtitle A of the IRC. None of the Company or any Company Subsidiary has ever been a life insurance company as defined in Section 816 of the IRC. None of the Company or any Company Subsidiary (i) has ever sold, issued, reinsured or provided administrative services with respect to any policies, contracts or other products that were marketed as qualifying or intended by any of the Company or any Company Subsidiary to qualify as annuities, life insurance contracts, non-cancellable accident and health insurance contracts, long-term care insurance contracts, pension plan contracts or similar contracts under Section 72, 101, 401, 403, 408, 412, 457, 807, 816, 817, 817A, 818, 7702, 7702A, 7702B or any similar provision of the IRC, (ii) maintains a "special loss discount account" or makes "special estimated tax payments"

within the meaning of Section 847 of the IRC, or (iii) has ever made an election under IRC Section 846(e).

(u) Each of the Company and the Company Subsidiaries has complied with the provisions of the IRC and the Treasury Regulations promulgated thereunder as necessary to avoid any material redistribution, reapportionment, reallocation, recharacterization, or adjustment pursuant to (i) IRC Section 482, (ii) IRC Section 845, or (iii) any similar provision of state, local or foreign Law (including all contemporaneous transfer pricing documentation requirements).

(v) With respect to each stock option listed on Schedule 5.7, the Company has determined in good faith and in compliance with all Applicable Laws (including in compliance with any applicable fiduciary duties to stockholders or otherwise): (i) the option exercise price and (ii) that each such stock option qualifies as an incentive stock option under Section 422 of the IRC, other than the options specifically identified as NSOs in Schedule 5.7.

5.9 Compliance with Laws.

(a) Except as set forth on Schedule 5.9, neither the Company nor any of the Company Subsidiaries is in violation of, or has violated, any provisions of any Applicable Law, other than violations which have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Except as set forth on Schedule 5.9, to the Knowledge of the Company, as of the date of this Agreement, no investigation or review by any Governmental Authority with respect to the Company or the Company Subsidiaries is pending or threatened that, if resolved adversely to the Company or the Company Subsidiaries, would result in any material liability to Company or the Company Subsidiaries. There are no restrictions placed upon the business, activities or services of the Company or the Company Subsidiaries under any Applicable Laws or otherwise except for such restrictions as are imposed by Applicable Law on Persons operating in the industry in which the Company and the Company Subsidiaries are presently conducting their business. Except as set forth on Schedule 5.9, the Company and the Company Subsidiaries have filed all reports, statements, documents, registrations, filings or submissions required by Applicable Law to be filed by them with any Governmental Authority. All such registrations, filings and submissions were in compliance in all material respects with Applicable Law when filed or as amended or supplemented, and, to the Knowledge of the Company, no material deficiencies have been asserted by any Governmental Authority with respect to such registrations, filings or submissions that have not been satisfied. For purposes of this Section 5.9, the term "Applicable Law" shall not include any Environmental Law, any Healthcare Laws, any Applicable Law relating to Taxes or ERISA or similar Applicable Law relating to employee benefit plans.

(c) All material reports, financial statements, documents (including, but not limited to, marketing, enrollment and health benefit plan materials and member communications), contracts, claims, submissions (including, submissions of cost and expense data and rating proposals), notices and responses to audit or examination findings, and notices required to be filed, maintained, or furnished to any Governmental Authority by the Company

and the Company Subsidiaries in connection with the Business during the past three (3) years have been so filed, maintained or furnished, except where the failure to do so is immaterial, and to the Knowledge of the Company, there are no outstanding deficiencies which any Governmental Authority has asserted with respect to such any such material reports, financial statements, documents, contracts, claims, submissions, notices and responses. To the Knowledge of the Company, no investigation or review by any Governmental Authority with respect to the Company and the Company Subsidiaries is pending or threatened that, if resolved adversely to the Company or any of the Company Subsidiaries, would be material to any of them.

(d) None of the Company or any Company Subsidiary, nor any of their representatives has, in violation of Applicable Law, directly or indirectly, given or agreed to give, received or agreed to receive any gift or similar benefit to or from any customer, supplier, governmental employee or other Person who is or may be in a position to help or hinder the business of the Company or any Company Subsidiary (or assist the Company and the Company Subsidiaries in connection with any actual or proposed transaction relating to their business) or who may benefit from such business or otherwise acted in a manner: (a) that subjected or might have subjected the Company or any Company Subsidiary to any damage or penalty in any civil, criminal or other claim or proceeding before or by any Governmental Authority; (b) for any of the purposes described in Section 162(c) of the IRC; or (c) for the purpose of establishing or maintaining any concealed fund or concealed bank account.

5.10 Company Contracts.

(a) Schedule 5.10(a) sets forth a complete and accurate list of all:

(i) material Contracts which were not entered into in the ordinary course of business and not otherwise covered by the other subsections of this Section 5.10(a);

(ii) Contracts with respect to which the Company or a Company Subsidiary has annual payment obligations of more than \$500,000 that are not terminable by the Company or the Company Subsidiaries on less than six (6) months notice;

(iii) Contracts with respect to which a third party has annual payment obligations to the Company or a Company Subsidiary or more than \$500,000 and which extend for a term of more than one year after the Closing;

(iv) Contracts under which the Company or the Company Subsidiaries has paid an amount in excess of \$500,000 during the twelve (12) month period ending December 31, 2010 and that is not terminable by the Company or the Company Subsidiaries on less than six (6) months notice;

(v) Contracts under which the amount payable by the Company or a Company Subsidiary is dependent on the revenue, income or other similar measure of the Company, a Company Subsidiary or any other Person;

(vi) Real Property Leases;

(vii) Contracts pursuant to which the Company or any Company Subsidiary leases any personal property from or to any third party and having an annual rent in excess of \$200,000;

(viii) Contracts relating to any Indebtedness of the Company or a Company Subsidiary;

(ix) Contracts of the Company or the Company Subsidiaries with their respective officers, directors or employees;

(x) Contracts pursuant to which the Company or a Company Subsidiary licenses any material Intellectual Property (other than off-the-shelf software);

(xi) Contracts which place any material limitation on the Company or a Company Subsidiary with respect to the method of conducting, or scope of, the Business;

(xii) Contracts which create a joint venture, limited liability company, partnership or any other material contract or agreement involving a sharing of profits or losses by the Company or any of the Company Subsidiaries with any third party;

(xiii) (A) all Contracts with hospitals involving payments by or to the Company or any of the Company Subsidiaries of \$1,000,000 or more on an annual basis; (B) all exclusive or preferred (within a market) Provider Contracts of the Company or a Company Subsidiary; and (C) any Contract of the Company or a Company Subsidiary for access to or use of a third party's network of contracted Providers (*i.e.*, network rental agreements);

(xiv) any Contract of the Company or a Company Subsidiary with respect to any risk sharing or risk transfer arrangement or that provides for a retroactive premium or similar adjustment or withholding arrangement;

(xv) Contracts of the Company or any Company Subsidiary with a third party which contain any exclusivity right in favor of a third party, including any obligation to purchase goods or services from or refer parties to any third party;

(xvi) any Contract of the Company or a Company Subsidiary with a Governmental Authority (other than any customer Contracts with any Governmental Authority); and

(xvii) (A) customer Contracts with any Governmental Authority involving payments by or to the Company or any of the Company Subsidiaries, of more than \$500,000 on an annual basis, (B) Contracts with CMS, and (C) Contracts with any state Medicaid agency.

All the foregoing, including all amendments or modifications thereto, are denoted as the "Company Contracts."

(b) Each Company Contract sets forth the entire agreement and understanding between the Company and/or the Company Subsidiaries and the other parties thereto. All Company Contracts are legal, valid and binding in accordance with their respective terms and are in full force and effect and neither the Company and/or the Company Subsidiaries, as applicable, nor, to the Knowledge of Company, any other party thereto is in material default thereunder. The Company has made available to Parent true and correct copies of all Company Contracts, including all amendments and modifications thereto.

(c) Except as set forth on Schedule 5.10(c), there are no Contracts to which any of the Company or the Company Subsidiaries is a party which would require a payment or other form of consideration to any Person in connection with the Transactions to which any of the Company or the Company Subsidiaries is a party.

(d) Except as set forth on Schedule 5.10(d), there are no Contracts to which any of the Company or the Company Subsidiaries is a party which (i) contain any exclusivity right in favor of a third party, including any obligation to purchase goods or services from or refer parties to any third party and (ii) which exclusivity provisions would be binding on Parent or any of its Affiliates (other than on the Company and the Company Subsidiaries) following the Closing.

(e) Schedule 5.10(e) sets forth a complete list of material Contracts between any of the Company or any Company Subsidiary on the one hand and any of the Company or any Company Subsidiary on the other hand.

5.11 Real Estate. The Company and the Company Subsidiaries do not own, have never owned and do not have any options to acquire, any real property. Schedule 5.11 contains a complete and correct list of all leases and subleases pursuant to which the Company or a Company Subsidiary leases (as lessor or lessee), holds or occupies real property (the "Real Property Leases"). The Company has made available to Parent true and correct copies of all Real Property Leases (including all amendments thereto and all material notices and correspondence, memoranda of lease, estoppel certificates and subordination, non-disturbance and attornment agreements related thereto). Except as otherwise set forth on Schedule 5.11, (i) none of the Company or any Company Subsidiaries is in default in any material respect under any Real Property Lease (and no event has occurred which with notice or lapse of time would constitute such material breach, violation or default) and, to the Knowledge of the Company, no other party to any Real Property Lease is in default in any material respect thereunder, (ii) no material controversy, claim, dispute or disagreement exists between the parties to the Real Property Leases, and (iii) none of the Company or any Company Subsidiaries has assigned its interest under any Real Property Lease or subleased all or any part of the space demised thereby. No option has been exercised under any Real Property Lease except an option whose exercise has been evidenced by a written document, a true and complete copy of which has been delivered to Parent with the corresponding Real Property Lease. The premises leased pursuant to the Real Property Leases are sufficient for the conduct of the Businesses of the Company and the Company Subsidiaries as such Businesses are now conducted. The Company or a Company Subsidiary, as applicable, has the right under each Real Property Lease to occupy and use the premises leased pursuant thereto. Neither the whole nor any portion of such premises has been or, to the Knowledge of the Company, is threatened to be condemned, requisitioned or otherwise

taken by any Governmental Authority. All buildings, structures and appurtenances comprising such premises are in satisfactory condition and have been reasonably maintained, normal wear and tear excepted. The premises leased pursuant to the Real Property Leases have received all required approvals of Governmental Authorities required in connection with the operation thereof. The premises leased pursuant to the Real Property Leases are supplied with utilities (including without limitation water, sewage, disposal, electricity, gas and telephone) and other services reasonably necessary for the operation of such premises as currently operated.

5.12 Environmental Matters.

(a) The operations of the Company and the Company Subsidiaries, and to the Knowledge of the Company, the premises subject to the Real Property Leases, comply with and within the last two (2) years have complied with all applicable Environmental Laws, except for such failures to comply as would neither (A) be reasonably likely to result in any material Liabilities nor (B) prevent or materially impair the normal use or operation of any parcel of real property leased by the Company.

(b) No Actions are pending or, to the Knowledge of the Company, threatened against the Company or any of the Company Subsidiaries alleging the violation of any applicable Environmental Laws. Except as set forth in Schedule 5.12(b), within the last two (2) years, none of the Company or the Company Subsidiaries has received any written communication from a Governmental Authority or any other Person that alleges that (i) the Company or any of the Company Subsidiaries are not or has not been in compliance in any material respect with any Environmental Law; (ii) any Hazardous Substances which the Company or any of the Company Subsidiaries has generated, transported or disposed of has been found at any site at which any Person has conducted a remedial investigation, removal or other response action pursuant to any Environmental Law; or (iii) the Company or any of the Company Subsidiaries is or shall be a named party to any Action arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the presence or release of Hazardous Substances.

(c) Except as set forth in Schedule 5.12(c), the Company and the Company Subsidiaries hold and maintain, in full force and effect, and are in compliance in all material respects with, all Permits required under Environmental Laws to conduct the Business, and are in compliance in all material respects with all Environmental Laws.

(d) In connection with the conduct of the Business, none of the Company or Company Subsidiaries has entered into or agreed to any court decree or order or is subject to any judgment relating to compliance with any Environmental Law or to investigation or cleanup of Hazardous Substances under any Environmental Law.

(e) Except as set forth in Schedule 5.12(e), to the Knowledge of the Company, (i) no portion of the premises subject to the Real Property Leases has been used for the handling, manufacturing, processing, storage, use, generation or disposal of Hazardous Substances, except as is customary for the operation of the Business and in compliance in all material respects with applicable Environmental Laws; and (ii) there have been no releases or threatened releases of Hazardous Substances on, upon, into, or from any of the premises subject

to the Real Property Leases which would reasonably be expected to give rise to a material Liability under Environmental Laws.

(f) None of the Company or the Company Subsidiaries has received any written or other notification from any source advising any of them that (i) it is or is being investigated as a potentially responsible party under CERCLA or any other applicable Environmental Laws, (ii) any the premises subject to the Real Property Leases is identified, proposed, or may be proposed for listing as a federal National Priorities List ("NPL") (or state-equivalent) site or a Comprehensive Environmental Response, Compensation and Liability Information System ("CERCLIS") (or state-equivalent) site or (iii) any facility to which it currently transports, has transported or otherwise arranges or has arranged for the disposal of Hazardous Substances is identified or proposed for listing as an NPL (or state-equivalent) site or CERCLIS (or state-equivalent) site.

(g) To the Knowledge of the Company, there is no asbestos in or on any parcel of the premises subject to the Real Property Leases, nor is there fungi or bacterial matter, whether or not such fungi or bacterial matter is living, including mold, microbial growth, mildew, or viruses, which is in quantities or locations that would require removal under any Environmental Law or generally accepted practices in the Company's industry.

(h) This Section 5.12 contains the sole and exclusive representations and warranties with respect to any matters arising under Environmental Laws.

5.13 Intellectual Property.

(a) Schedule 5.13(a) contains a complete and accurate list of all (i) issued patents and pending patent applications (including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon), registered trademarks, service marks, trade names, service names, brand names, logos, corporate names and pending applications for registration of any of the foregoing, domain names registrations, registered copyrights, pending applications for registration of copyrights, assumed names or fictitious names and all computer software and source code, (ii) unregistered trademarks which are material to the conduct of the Business, in each case, that are owned by the Company or the Company Subsidiaries (the "Company Intellectual Property"); provided, however, that Company Intellectual Property shall not include off the shelf or shrinkwrap software. The Company has made available to Parent correct and complete copies of all registrations, licenses, agreements and other written documentation related to, or evidencing the Company or the Company Subsidiaries' ownership or right to use, the Company Intellectual Property set forth on Schedule 5.13(a).

(b) Except as set forth in Schedule 5.13(b): (i) the Company and/or the Company Subsidiaries have good and marketable title to and possesses all right, title and interest in and to, or a valid and enforceable license to manufacture, use and/or sell, as the case may be, the Company Intellectual Property, free and clear of any Encumbrance other than Permitted Encumbrances; (ii) the Company Intellectual Property encompasses all material proprietary rights necessary for the conduct of the Business of the Company and the Company Subsidiaries substantially as presently conducted and, to the Knowledge of the Company, the Company

Intellectual Property is valid; (iii) the legality, validity, enforceability, ownership or use by the Company and/or the Company Subsidiaries of the Company Intellectual Property owned by the Company or the Company Subsidiaries has not within the past three (3) years been, nor is currently being challenged or, or to the Knowledge of the Company, being infringed upon, and, to the Knowledge (without the need for due inquiry) of the Company, the legality, validity, enforceability, ownership or use by the Company and/or the Company Subsidiaries of the Company Intellectual Property licensed to the Company or the Company Subsidiaries has not in the past three (3) years been, nor is currently being challenged or infringed upon; (iv) the owned Company Intellectual Property is not subject to any outstanding injunction, judgment, order decree, ruling or charge; (v) the Company and the Company Subsidiaries have taken all reasonably necessary action to maintain, protect and defend their rights in the Company Intellectual Property and will use reasonable efforts to continue to maintain those rights prior to the Closing so as not to adversely affect the validity or enforcement of the Company or the Company Subsidiaries' rights relating to the Company Intellectual Property; (vi) the Company and the Company Subsidiaries have obtained from each employee whose position and duties relate primarily to the Company Intellectual Property a written agreement under which such employee is obligated to disclose and transfer to the Company or such Company Subsidiary, as applicable, without the receipt by such employee of any value therefor (other than normal salary), any inventions, developments and discoveries which during the period of employment with the Company or the Company Subsidiaries that he or she makes or conceives of involving use of the Company or the Company Subsidiaries' time, material or facilities; (vii) the Company or the Company Subsidiary have obtained legally binding written agreements from all employees and third parties with whom the Company or the Company Subsidiaries have shared its confidential proprietary information, or received such information from others that the Company or such Company Subsidiary is obligated to treat as confidential, which agreements require such employees and third parties to keep such information confidential; (viii) to the Knowledge of the Company, the Company Intellectual Property does not materially interfere with, infringe upon, misappropriate, or otherwise violate any intellectual property rights of any third party; (ix) to the Knowledge of the Company, within the past three (3) years, there has not been any material infringement, misappropriation or dilution of any of the Company Intellectual Property; (x) on the Closing Date, the Company Intellectual Property will be owned or available for use by Company or the Company Subsidiaries, as applicable, from and after the Closing on substantially identical terms and conditions as are applicable to the Company and the Company Subsidiaries prior to the Closing, and the consummation of the Transactions will not give rise to any Encumbrance on the Company or the Company Subsidiaries' exclusive rights, title and interest in and to the Company Intellectual Property beneficially transferred at the Closing.

(c) All Persons (including current and former employees and independent contractors) who create or contribute, or have created or contributed any material Company Intellectual Property used in the operation of the Business have assigned to the Company or the Company Subsidiaries in writing all of their rights therein that did not initially vest with the Company or the Company Subsidiaries, as applicable, as a matter of law or the Company or the Company Subsidiaries, as applicable, have a world-wide, perpetual, royalty-free license to use the same.

(d) The Company and the Company Subsidiaries have complied in all material respects with all laws applicable to them relating to privacy, data protection and the

collection, use and security of personal information and user information gathered or accessed in the course of the operations of the Business, and have materially complied with all rules, policies and procedures established by the Company and/or the Company Subsidiaries from time to time with respect to the foregoing. No written notice has been received in the past three (3) years from, and to the Knowledge of the Company, no Action is threatened by, any Person alleging a material violation of such Person's privacy rights: (i) under any such laws, or (ii) as a result of any breach by the Company or the Company Subsidiaries of any of their rules, policies or procedures relating to privacy, data protection, use and security of personal information or user information. The Company and the Company Subsidiaries have taken commercially reasonable steps in accordance with applicable industry standards and practices (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) to ensure that the personal information gathered or accessed in the course of the operations of the Company and the Company Subsidiaries is protected against loss and against unauthorized access, use, modification or disclosure. To the Knowledge of the Company, there has been no unauthorized access to or use, modification or disclosure of such information.

5.14 Properties. The Company or a Company Subsidiary, as applicable, owns and has good and marketable title, free and clear of all Encumbrances (other Permitted Encumbrances) to all assets used or necessary for use in the Company or such Company Subsidiary's Business. All tangible assets of the Company and the Company Subsidiaries are in good operating condition and repair, subject to normal wear and tear.

5.15 Sufficiency of Assets. As of the Closing Date, and notwithstanding anything to the contrary herein, the assets, property and rights of the Company and the Company Subsidiaries, taken as a whole, will constitute, in all material respects, all of the assets, properties and rights that are used in and are sufficient for the Company and the Company Subsidiaries to conduct their respective businesses in the manner in which they are currently being conducted.

5.16 Permits. Schedule 5.16 sets forth all Permits held by the Company or any Company Subsidiary. No Permit other than those listed on Schedule 5.16 is necessary for the transaction of the Businesses of the Company and the Company Subsidiaries as currently conducted. All such Permits are currently in full force and effect. No written notice of any violation has been received by the Company or any Company Subsidiary in the past three (3) years in respect of any such Permit other than those listed on Schedule 5.16, and there is no proceeding which is pending or, to the Knowledge of the Company, threatened that is reasonably likely to suspend or revoke or impose any material penalty or liability with respect to any such Permit.

5.17 Labor and Employment Matters.

(a) Schedule 5.17(a) sets forth a list of the names of all employees of the Company and the Company Subsidiaries and indicates the current salary or wage rates of each such person.

(b) Schedule 5.17(b) sets forth a list of the employees with any agreements that provide payments based solely upon the execution or closing of the transaction contemplated

in this Agreement, and the Company and the Company Subsidiaries have provided a complete copy of each such agreement, and any amendments to these agreements.

(c) Schedule 5.17(c) sets forth a list of the employees with any agreements that provide severance or change in control or bonus payments, fixed term of employment, or any specific limitations or conditions regarding any employee's employment, and the Company and the Company Subsidiaries have provided a complete copy of each such agreement, and any amendments to these agreements.

(d) Neither the Company nor any Company Subsidiary is party to any collective bargaining agreement or other organized labor contract applicable to the employees of the Company or the Company Subsidiaries. No organizing campaign, work stoppage, or other effort related to collective actions by employees is underway or, to the Knowledge of the Company, threatened by any labor organization to organize any employees of the Company or the Company Subsidiaries.

(e) To the Knowledge of the Company, no employee of the Company or any Company Subsidiary is a party to, or is otherwise bound by, or is alleged to be bound by any agreement or arrangement, including any confidentiality, noncompetition or proprietary rights agreement, between such employee or director and any other Person that in any way materially and adversely affects or is part of any threatened or pending claim concerning: (i) the performance of his other duties as an employee of the Company or such Company Subsidiary, as applicable, or (ii) the ability of the Company or the Company Subsidiaries to conduct their Businesses. To the Knowledge of the Company or the Company Subsidiaries, no employee of the Company or the Company Subsidiaries intends to terminate his or her employment with the Company

(f) Except as disclosed on Schedule 5.17(f), there are no pending or, to the Knowledge of the Company or the Company Subsidiaries, threatened claims, charges, lawsuits or arbitrations regarding any alleged unlawful employment or labor practice of any nature that have been asserted or instituted against the Company or a Company Subsidiary by any employee or contractor or former employee or contractor of the Company or a Company Subsidiary.

(g) The Company and the Company Subsidiaries are in compliance in all material respects with all Applicable Laws relating to labor or labor relations and employment terms and conditions, including any provisions thereof relating to (i) wages, hours, bonuses, commissions, termination pay, vacation pay, sick pay and the payment and/or accrual of the same and all insurance and all other costs and expenses applicable thereto, (ii) unlawful, wrongful, or retaliatory or discriminatory employment or labor practices, (iii) occupational health and safety standards and (iv) immigration, workers' compensation, disability, unemployment compensation, whistleblower laws, and other employment laws.

(h) All employees of the Company and the Company Subsidiaries are authorized to work in the United States and a Form I-9 has been completed properly and retained with respect to each employee.

5.18 Employee Benefit Plans.

(a) Schedule 5.18(a) sets forth a true and complete list of all Benefit Plans.

(b) The Company has delivered or made available to Parent true and complete copies of: (i) all plan documents, including any trust agreements or insurance policies, relating to each Benefit Plan; (ii) all summary plan descriptions, the three (3) most recent annual reports (including all schedules thereto) and financial statements of related plan assets with respect to each Benefit Plan, if applicable; and (iii) the most recent determination or opinion letter received from the Internal Revenue Service with respect to each Benefit Plan that is intended to meet the requirements of IRC Section 401(a). All material reports and disclosures relating to the Benefit Plans required to be filed with or furnished to Governmental Authorities or plan participants or beneficiaries have been filed or furnished in all material respects in accordance with Applicable Law in a timely manner except to the extent the failure to do so would not result in any material liability to the Company and its Controlled Group Members.

(c) Neither the Company nor any Controlled Group Member has maintained, sponsored, contributed to, had any obligation to contribute to, or had any liability (including withdrawal liability as defined in ERISA Section 4201) under or with respect to any employee pension benefit plan subject to Title IV of ERISA or any "multiemployer plan" within the meaning of ERISA Section 3(37).

(d) Each Benefit Plan has been maintained in all material respects in accordance with its terms, and conforms to, and its administration is in compliance in all material respects with, all Applicable Laws and regulations, including but not limited to, ERISA and IRC.

(e) Each Benefit Plan that is intended to meet the requirements of IRC Section 401(a) has received a favorable determination or opinion letter from the Internal Revenue Service as to its tax-qualified status and its accompanying trust has been determined to be tax-exempt under IRC Section 501(a) and, to the Knowledge of the Company, there are no facts or circumstances that would be reasonably likely to adversely affect the qualified status of any such Benefit Plan.

(f) There are no pending or, to the Knowledge of the Company, threatened claims, lawsuits or arbitrations (other than routine claims for benefits) that have been asserted or instituted, or to the Knowledge of the Company, threatened against or with respect to any Benefit Plan or the assets of any of the trusts under any such Benefit Plan. All material contributions required to be made to the Benefit Plans prior to the date of this Agreement pursuant to their terms have been timely made except to the extent the failure to do so would not result in any material liability to the Company and its Controlled Group Members. As of the date of this Agreement, there is no matter pending or, to the Knowledge of the Company, threatened, with respect to any of the Benefit Plans before the Internal Revenue Service, the U.S. Department of Labor or any Governmental Authority.

(g) There have been no "prohibited transactions" (within the meaning of Section 406 of ERISA or IRC Section 4975) with respect to any Benefit Plan, other than any such transactions that are covered by a statutory or administrative exemption.

(h) No Benefit Plan provides medical or death benefits (whether or not insured) with respect to current or former employees of the Company beyond their termination of service (other than coverage mandated by law or death benefits under any Benefit Plan).

(i) Neither the execution of this Agreement nor the consummation of the Transactions will: (i) entitle any person to any payment, forgiveness of indebtedness, vesting, distribution, or increase in benefits under or with respect to any Benefit Plan, (ii) otherwise trigger any acceleration of vesting or payment of benefits under or with respect to any Benefit Plan, or (iii) result in any "parachute payment" that would not be deductible by reason of the application of IRC Section 280G.

(j) The Company and all of its Controlled Group Members have classified all individuals who perform services for them correctly for the purposes of each Benefit Plan as common law employees, independent contractors or leased employees.

(k) Except as listed in Schedule 5.18(k), for any Benefit Plan which constitutes a "non-qualified deferred compensation plan" within the meaning of Section 409A of the IRC, such Benefit Plan has been operated in compliance with Section 409A of the IRC at all times since January 1, 2005.

5.19 Litigation. There is: (a) no Action presently pending against the Company or any Company Subsidiary or affecting its assets or Business, or to the Knowledge of the Company, threatened against the Company or any Company Subsidiary or its assets or business, or (ii) no Action presently pending, or, to the Knowledge of the Company, threatened against the Company, the Company Subsidiaries or any Stockholder which could restrict or prohibit the consummation of the Transactions. None of the Company, the Company Subsidiaries or any of their respective assets is subject to any outstanding injunction, judgment, order, decree, ruling or charge, nor is any of them a party or, to the Knowledge of the Company, threatened to be made a party to any such injunction, judgment, order, decree, ruling or charge. None of the Company or any of the Company Subsidiaries has waived, agreed to waive or consented to the tolling of any statute of limitations in any claim, action, suit, inquiry, judicial or administrative proceeding, grievance or arbitration which has not yet been resolved. None of the Company or any of the Company Subsidiaries waived or agreed to waive any monetary or non-monetary obligations required to be performed (or otherwise complied with) for the benefit of the Company or any of the Company Subsidiaries after the Closing Date.

5.20 Insurance. All policies or binders of fire, liability, product liability, worker's compensation, vehicular, life, fiduciary liability, fidelity bond, directors' and officers' liability, malpractice liability, theft, other forms of property and casualty insurance and other insurance held by or on behalf of the Company or the Company Subsidiaries are listed and described on Schedule 5.20, are valid and enforceable in accordance with their terms, and are in full force and effect. Schedule 5.20 indicates, for each such policy, whether it provides coverage on a "claims made" or "occurrence" basis. All such policies (a) are sufficient for compliance by each the Company and the Company Subsidiaries with all requirements of Applicable Law and all agreements to which any of the Company and the Company Subsidiaries are a party, and (b) will not terminate or lapse as a result of the consummation of the Merger. All premiums on all such policies have been paid to date and the Company and the Company Subsidiaries have materially

complied with all conditions of such policies. None of the Company or the Company Subsidiaries is in default with respect to its obligations under any of such insurance policies, nor has any of the Company or the Company Subsidiaries received any notification of cancellation of any such insurance policies. Except as set forth on Schedule 5.20, no insurance carrier has denied coverage for any claim asserted by the Company or the Company Subsidiaries during the twelve (12) month period preceding the date hereof, nor has any insurance carrier declined to provide any coverage to the Company or the Company Subsidiaries during the twelve (12) month period preceding the date hereof. Schedule 5.20 hereto sets forth, by year, for the current policy year to the date hereof and each of the two (2) preceding policy years: (i) a summary of the loss experience under each policy of insurance; and (ii) a statement describing each claim under a policy of insurance (including (A) the name of the claimant, (B) a description of the policy by insurer, type of insurance and period of coverage, and (C) the amount and brief description of the claims). Except as set forth on Schedule 5.20 there are no pending claims under any such policies, and there are no material claims under such policies as to which the insurers have denied liability.

5.21 Bank Accounts, Powers of Attorney.

(a) Schedule 5.21(a) sets forth the names and locations of all banks, trust companies, savings and loan associations, mutual fund or stock brokerage firm and other financial institutions at which the Company or any Company Subsidiary maintains safe deposit boxes or accounts of any nature, the account numbers of all such accounts and the names of all persons authorized to draw thereon or make withdrawals therefrom.

(b) The Company and the Company Subsidiaries have no obligation to act under any outstanding power of attorney or any obligation or liability, either accrued, accruing or contingent, as guarantor, surety, consignor, endorser (other than for purposes of collection in the ordinary course of business of the Company), co-maker or indemnitor in respect of the obligation of any Person.

(c) There are no credit cards issued to any present or past officer, employee or agent of the Company or any Company Subsidiary under which the Company or any Company Subsidiary has any current Liability incurred outside of the ordinary course of business.

5.22 Accounts Receivable and Payable.

(a) Schedule 5.22(a) contains a complete and accurate list of all accounts receivable (determined in accordance with GAAP), with aging, of the Company and the Company Subsidiaries as of a date that is within five (5) Business Days of this Agreement (such accounts receivable as of such date, the "Accounts Receivable"). All of the Accounts Receivable (A) constitute valid and enforceable claims arising from bona fide transactions for goods sold or services performed in the ordinary course of business and (B) are not, to the Knowledge of the Company, subject to set offs or counterclaims. There has been no written notice of any claims, refusals to pay or other claimed rights of set off against any of the Accounts Receivable other than in the ordinary course of business and consistent with past practices. No account debtor of an Account Receivable is delinquent in its payment by more than ninety (90) days. To the

Knowledge of the Company, no account debtor of an Account Receivable is insolvent or bankrupt, and no Account Receivable is pledged to any third party.

(b) Schedule 5.22(b) contains a complete and accurate list of all accounts payable (determined in accordance with GAAP), with due dates, of the Company and the Company Subsidiaries as of a date that is within five (5) Business Days of this Agreement (such accounts payable as of such date, the "Accounts Payable"). Except as set forth on Schedule 5.22(b), all Accounts Payable are legal, valid and binding obligations of the Company or a Company Subsidiary, as applicable, and were incurred in the ordinary course of business.

5.23 Transactions with Affiliates. Except as set forth on Schedule 5.23, there are no Contracts, arrangements, indebtedness or other transactions between the Company or any Company Subsidiary and: (a) any Affiliates (other than as between the Company and/or the Company Subsidiaries), the Stockholders, or any officer or director of the Company or any Company Subsidiary, or (b) any Affiliate of the Stockholders (other than as between the Company and/or the Company Subsidiaries). Except as set forth on Schedule 5.23, no director, officer or stockholder of the Company or any Company Subsidiary (i) has any interest in any material property or asset used by the Company or any Company Subsidiary; (ii) has any cause of action or other claim whatsoever against, or owes any amount to, the Company or any Company Subsidiary, except for claims in the ordinary course of business, such as for accrued vacation pay, accrued benefits under employee benefit plans and similar matters and agreements; (iii) is a party to any agreement, contract or commitment with the Company or any of the Company Subsidiaries or has received any loan, advance or investment from the Company or any of Company Subsidiaries other than for travel and other business expenses, that has not been repaid in full prior to the date hereof, or (iv) has any business dealings or a material financial interest in any transaction with the Company or any Company Subsidiary. No director, officer or stockholder of the Company or any Company Subsidiary is (or is a director, officer or stockholder (excluding a less than 5% stockholder, for investment purposes, of a publicly held corporation) of) a competitor, supplier or lessor or lessee of the Company or any Company Subsidiary.

5.24 Brokerage. Except for Houlihan Lokey, no broker, finder or investment banker has acted directly or indirectly for the Company, the Company Subsidiaries or a Stockholder in connection with this Agreement or the Transactions. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in respect thereof based in any way on agreements, arrangements or understandings made by or on behalf of the Company, the Company Subsidiaries or any Stockholder.

5.25 Regulatory Matters.

(a) Schedule 5.25(a) sets forth a list of the Permits issued respectively to the Company or the Company Subsidiaries under the Health Care Laws. Except as set forth on the Disclosure Schedules, the Permits identified on Schedule 5.25(a) are valid and in full force and there are no pending or, to the Knowledge of the Company, threatened audits, investigations or proceedings which reasonably would be expected to result in the termination or revocation or any Permits material to the operations of the Person holding the Permit or result in any limitation, restriction or impairment thereof. Neither the Company nor any of the Company

Subsidiaries has received any written communications from any Governmental Authority indicating a reasonable likelihood that any Permits of any of the Company Subsidiaries will be revoked or suspended. The Company or Company Subsidiaries are parties to one or more valid and in force written and executed MA Plans with CMS authorizing their participation as a Medicare Advantage Program contractor and their offering of MA Plans in the Service Areas, all as approved by any applicable Governmental Authority over such programs in the Service Areas, and CMS. Except as set forth on Schedule 5.9, the Permits identified on Schedule 5.25(a) as belonging to the Company or the Company Subsidiaries are sufficient for the Company or the Company Subsidiaries, as applicable, to lawfully conduct their respective Businesses as currently conducted.

(b) Since December 31, 2010, the Company and each of the Company Subsidiaries has timely filed all regulatory reports, schedules, statements, documents, filings, submissions, forms, registrations and other documents, together with any amendments required to be made with respect thereto and any such filings that were pending as of such date, that each was required to file with any Governmental Authority, including state health and insurance regulatory authorities and any applicable federal regulatory authorities, and have timely paid all Taxes, fees and assessments due and payable in connection therewith. There are no outstanding deficiencies or liabilities which any Governmental Authority has asserted with respect to any Regulatory Filings or information contained therein.

(c) All premium rates, rating plans and policy terms established and used by the Company and the Company Subsidiaries that are required to be filed with and/or approved by Governmental Authorities, including CMS, have been in all material respects so filed and/or approved, the premiums charged conform in all material respects to the premiums so filed and/or approved and comply in all material respects with Applicable Laws, including the Health Care Laws, and to the Knowledge of the Company, no such premiums are subject to any investigation by any Governmental Authority.

(d) Schedule 5.25(d) sets forth a list of all annual statements and quarterly statements of the Company and the Company Subsidiaries required under Health Care Laws and filed with Governmental Authorities for the years ended December 31, 2009 and December 31, 2010 (the "State Regulatory Filings"). Except as otherwise set forth in such State Regulatory Filings when made, all such State Regulatory Filings and the statutory balance sheets and income statements included therein: (i) were prepared from the books and records of the Company and the Company Subsidiaries, (ii) fairly present in all material respects the statutory financial condition and results of operations of the Company and the Company Subsidiaries, as applicable, as of the date and for the periods indicated therein and (iii) have been prepared in all material respects in accordance with SAP consistently applied throughout the periods indicated, except as may be reflected in the notes thereto and subject to the absence of notes where not required by SAP and to normal year-end adjustments.

(e) The Company has made available to Parent true and correct copies of all actuarial reports prepared by independent or internal actuaries of the Company or the Company Subsidiaries since January 1, 2009 (other than actuarial reports prepared by internal actuaries that are not material to the aggregate reserves of the Company and the Company Subsidiaries, taken as a whole) and all attachments, addenda, supplements and modifications thereto.

(f) The Service Areas, as described in Schedule 5.25(f), set forth an accurate, correct and complete description of the geographic areas in which the Company Subsidiaries hold Permits and are authorized by Governmental Authorities and CMS to market, sell, offer and administer MA Plans pursuant to the Applicable Laws. Except as set forth on Schedule 5.25(f), the Company Subsidiaries are authorized to operate, without restriction, throughout the entirety of the Service Areas specified within such Permits. There are no restrictions placed upon the Company or any of the Company Subsidiaries' marketing activities in any part of the Service Areas, except for such restrictions which are placed on the health care industry in general and by CMS for Medicare Advantage Programs. The Company Subsidiaries do not have operations or other activities outside of the Service Areas and do not provide or arrange for health care services or benefits for any Members or other individuals who reside outside of the Service Areas. Each of the Company Subsidiaries' MA Plans, including its benefit design and structure, administration, bid submission and pricing thereof, comply, in all material respects, with all applicable Health Care Laws.

5.26 Medicare and Medicaid Participation.

(a) Except as has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and except as set forth on Schedule 5.9, each of the Company and the Company Subsidiaries, as applicable, meet all requirements of participation, claims submission and payment of the Programs and are a party to valid participation agreements for payment by such Programs. Each Company Subsidiary is a party to one or more valid agreements with CMS authorizing its participation as a Medicare Advantage Program contractor. Except as set forth on Schedule 5.26(a), there are no restrictions applicable to Company or any Company Subsidiary regarding full participation in the Programs under the MA Plans and none are pending or, to the Knowledge of the Company, are threatened.

(b) Schedule 5.26(b) sets forth a true, correct and complete list of (i) all orders, letters, communications or other notices from CMS or any other Governmental Authority relating to the Company's or any of the Company Subsidiaries' failure to meet any of the requirements for continued participation in the Programs (including any orders, letters, communications or notices relating to CMS' low plan rating (or "star rating") or stating that continued participation may be contingent on the Company or the Company Subsidiaries developing, adopting, implementing or taking any sort of corrective or remedial actions), (ii) written responses of the Company or the Company Subsidiaries to any of the orders, letters, communications or notices specified in clause (i) of this Section 5.26(b), and (iii) Corrective Action Plans developed by the Company or any of the Company Subsidiaries in response or as a result of the orders, letters, communications and notices specified in clause (i) of this Section 5.26(b) and an indication of the status of each such Corrective Action Plan. The Company and the Company Subsidiaries have provided Parent with true, correct and complete copies of all items required to be listed on Schedule 5.26(b). The Company and the Company Subsidiaries have complied in all material respects with any applicable Corrective Action Plan.

5.27 Penalties Under Medicare/Medicaid Programs. Except as set forth on Schedule 5.27, neither the Company nor any Company Subsidiary has since December 31, 2008 been required to pay any civil monetary penalty under Applicable Law regarding false, fraudulent or impermissible claims under, or payments to induce a reduction or limitation of

health care services to beneficiaries of, any state or federal health care program. To the Knowledge of the Company and except as set forth on Schedule 5.27, neither the Company, nor any Company Subsidiary is currently the subject of any material investigation or proceeding that may result in such payment. Neither the Company nor any Company Subsidiary, nor, to the Knowledge of the Company, any of their respective current employees are debarred, suspended from, or otherwise excluded from participation or ineligible to participate in, the Medicare or Medicaid nor, to the Knowledge of the Company, have any such current employees been convicted, under federal or state law, of a criminal offense related to: (a) the neglect or abuse of a patient or (b) the delivery of an item or service, including the performance of management or administrative services related to the delivery of an item or service, under the Medicare or Medicaid programs. Except as set forth on Schedule 5.27, neither the Company nor any of the Company Subsidiaries is a party to any corporate integrity agreements, monitoring agreements, consent decrees, settlement orders, or similar agreements imposed by any Governmental Authority.

5.28 Recoupment Proceedings. Except as set forth on Schedule 5.28, there are no material Program recoupments, adjustments or recovery proceedings or material recoupments, adjustments or recovery proceedings of any third-party payor, including any Federal Reconciliation Adjustments, being sought, requested or claimed, or to the Knowledge of the Company, threatened against the Company or any of the Company Subsidiaries.

5.29 Producers, Producer Contracts and Commissions. Each sales agent employed with a Company Subsidiary is, and each Producer contracted with the Company Subsidiaries is, properly licensed and appointed to sell the MA Plans. The commissions payable by the Company Subsidiaries to their employed and contracted Producers comply with applicable Health Care Laws. None of the Producers has violated laws applicable to the marketing or enrollment of the MA Plans. Schedule 5.29 sets forth a list of each non-employee Producer which, in calendar year 2010, was paid more than five percent (5%) of the total commissions paid by the Company Subsidiaries to all non-employee Producers in 2010 (the "Material Producers"). The Company has made available to Parent true and correct copies of all forms of Contracts currently used by the respective Company Subsidiaries with their non-employee Producers and copies of the Contracts entered into by the respective Company Subsidiaries with their Material Producers. All of the Contracts with Producers are in writing, were entered into in the ordinary course of business and constitute valid, binding and enforceable agreements of the parties thereto. Except in the ordinary course of business, no past due amounts are owing by any of the Company Subsidiaries under any Contracts with Producers and there are no outstanding written claims made by a Producer that a Company Subsidiary has failed to perform a material monetary or nonmonetary obligation arising under its Contract. All forms of the Contracts with Producers which are currently in use by the Company Subsidiaries conform to the material requirements of Applicable Laws, including the Health Care Laws. To the Knowledge of the Company, there are no circumstances, including the consummation of the Transactions, which are reasonably likely to result in the termination, cancellation or nonrenewal of a Contract with a Material Producer, or the cessation of business being transacted between a Company Subsidiary and a Material Producer. Schedule 5.29 sets forth all pending written cancellation, termination or nonrenewal notices furnished to any of the Company Subsidiaries by a Material Producer.

5.30 Providers and Provider Contracts.

(a) Schedule 5.30 sets forth a list of the following Providers ("Material Health Care Providers"): (i) the top 20 hospitals, based on the total of all hospital payments made by the Company Subsidiaries in calendar year 2010; (ii) the top 20 physicians, based on the total of all physician payments made by the Company Subsidiaries in calendar year 2010, and any other primary care physician who is assigned MA Plan Members that constitute greater than one percent (1%) of the Company Subsidiaries' total MA Plan Membership as of December 31, 2010; (iii) the top 20 ancillary or specialty Providers, based on the total of all ancillary and specialty Provider payments made by the Company Subsidiaries in calendar year 2010; and (iv) the top 20 pharmacies or pharmacy companies, based on the total of all payments made by the Company Subsidiaries to pharmacies in calendar year 2010. Except in the ordinary course of business, no material past due amounts are owing by any of the Company Subsidiaries under any Contracts with Material Health Care Providers and none of the Company Subsidiaries is aware of any outstanding written claim made by a Material Health Care Provider that such Company Subsidiary has failed to perform a material monetary or nonmonetary obligation arising under its Contract. All of the Contracts with Material Health Care Providers are in writing, were entered into in the ordinary course of business and constitute valid, binding and enforceable agreements of the parties thereto. All forms of the Contracts with Providers which are currently in use by Subsidiaries conform to the material requirements of Applicable Laws, including the Health Care Laws. To the Knowledge of the Company, there are no circumstances, including the consummation of the Transactions, which are reasonably likely to result in the termination, cancellation or nonrenewal of a contract with a Material Health Care Provider or the cessation of business being transacted between a Company Subsidiary and a Material Health Care Provider. No consent or approval is required to be obtained, and no notice required to be given, under any Contract with a Material Health Care Provider in connection with this Agreement. Schedule 5.30 sets forth all pending cancellation, termination or nonrenewal notices furnished to the Company Subsidiaries in writing by a Material Health Care Provider.

(b) The Company's and Company Subsidiaries' administrative processes, policies and procedures are designed with the intention that the Company and Company Subsidiaries comply with applicable Health Care Laws and industry standards regarding the selection, de-selection and credentialing of contracted Providers. The Company and Company Subsidiaries contractually require their contracted Providers to comply with all Health Care Laws, industry standards and the Company's and Company Subsidiaries' policies and procedures regarding the selection, de-selection and credentialing of such Providers' respective practitioners and contracted Providers and, to the Knowledge of the Company, such Providers have so complied, in all material respects.

(c) The manner in which the Company and Company Subsidiaries place their contracted Providers at financial risk for health care services furnished to Members does not violate applicable Health Care Laws in any material respect. To the Company's Knowledge, the Company's and Company Subsidiaries' contracted Providers which are required to comply with those reporting, financial reserve and other requirements applicable to risk-bearing Provider organizations are in compliance, in all material respects, with all applicable reporting, financial reserve and other requirements of Governmental Authorities. To the Company's Knowledge, neither the Company nor any Company Subsidiary has entered into any fee-for-service agreements with Providers who or which are violating any state or federal antitrust laws that restrict fixing of prices among competitors.

5.31 Reserves. Except as set forth on Schedule 5.31, the Medical Claims Reserves (including reserves for medical costs and for payment disputes with Providers) and other actuarial amounts of the Company and each Company Subsidiaries recorded in their respective financial statements contained in the State Regulatory Filings: (a) are determined in all material respects in accordance with GAAP (except as otherwise noted in such financial statements), (b) are fairly stated in all material respects in accordance with GAAP and (c) include provisions for all reserves that are required to be established in accordance with Applicable Laws. Except as set forth on Schedule 5.31, to the Knowledge of the Company, there are no facts or circumstances that would necessitate, in the good faith application of the Company's reserving practices and policies, any material adverse change in the statutorily required reserves or reserves above those reflected in the Company Interim Balance Sheet (other than increases consistent with past experience resulting from increases in enrollment with respect to services provided by the Company or the Company Subsidiaries). As of December 31, 2010, each of the Company Subsidiaries for which there are statutory net worth and other deposit or capital requirements met or exceeded said statutory net worth, deposit or other capital requirements. As of December 31, 2010, each of the Company Subsidiaries had Statutory Reserves in excess of 250% of the Authorized Control Level, as such term is defined in the NAIC Risk-Based Capital guidelines.

5.32 Capital or Surplus Management. Except as set forth on Schedule 5.32, to the Knowledge of the Company, none of the Company Subsidiaries is subject to any requirement to maintain capital or surplus amounts or levels, or is subject to any restriction on the payment of dividends or other distributions on its membership interests or shares of capital stock, except for such requirements or restrictions under insurance or other laws of general application, including Health Care Laws.

5.33 Compliance.

(a) The Company and Company Subsidiaries have a corporate compliance program which was presented to, and approved by, CMS, and staff to oversee the functioning of their corporate compliance program. As part of their corporate compliance program, the Company and Company Subsidiaries have implemented administrative processes, policies and procedures that are designed to ensure that the Company and Company Subsidiaries remain in compliance with Health Care Laws applicable to the MA Plans which the Company Subsidiaries offer. The Company and Company Subsidiaries have a plan to comply with HIPAA and other Applicable Laws which protect or regulate the privacy, security, integrity, accuracy, transmission, storage or disclosure of individual medical records and other personnel, financial or consumer information which they generate, receive or maintain, and has trained staff to oversee the functioning of such plan.

(b) The Company and Company Subsidiaries have complied in the past four years, and are in compliance, in all material respects, with HIPAA and as applicable to the Company and Company Subsidiaries as either covered entities or business associates, as the case may be or may have been. Without limiting the generality of the foregoing, the Company and Company Subsidiaries are and have been in the past four years: (i) in compliance, in all material respects, with the standard transaction, privacy, security and breach notification requirements established by HIPAA; (ii) as required by applicable Health Care Laws have developed and have implemented policies and procedures and training programs reasonably designed to ensure past,

current, and ongoing compliance with HIPAA's privacy, security and breach notification regulations and state privacy and related law; and (iii) have executed business associate agreements meeting all requirements set forth in the privacy, security and breach notification regulations with all contractors that meet the definition of a business associate under HIPAA. No material violation of HIPAA has been, to the Knowledge of the Company, alleged or threatened against the Company or any Company Subsidiary by any Governmental Authority, a Member or prospective Member or any other Person. Neither the Company nor any Company Subsidiary has discovered a breach of unsecured protected health information during the prior three (3) years. In the event of any such discovered breach, the applicable Person has provided sufficient notice to each individual whose protected health information was breached.

Section 6 REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub, jointly and severally, represent and warrant to the Company and the Stockholder Parties that the statements contained in this Section 6 are true and correct on the date hereof and shall be true and correct on the Closing Date as if made thereon (other than representations and warranties which recite that they are only made as of a specific date, in which case they shall be true and correct as of such date).

6.1 Organization and Standing. Parent and Merger Sub: (a) are duly incorporated, validly existing and in good standing under the laws of the states of their organization; and (b) have all necessary corporate power and corporate authority to carry on their businesses as they are now being conducted and to own or use the properties and assets that they purports to own or use.

6.2 Authority and Enforceability. Parent and Merger Sub each has all requisite corporate power and corporate authority to execute and deliver this Agreement and each Ancillary Agreement to which it is a party and to perform its obligations hereunder and thereunder. This Agreement has been, and each Ancillary Agreement to which it is a party will be prior to the Closing, duly authorized, executed and delivered by Parent and Merger Sub, and (assuming the due authorization, execution and delivery by the Company and the Stockholder Parties) this Agreement constitutes, and each such Ancillary Agreement when so executed and delivered will constitute, the legal, valid and binding obligations of Parent and Merger Sub enforceable against each in accordance with its terms, subject to the Remedies Exceptions.

6.3 No Violation of Law and Agreements. The execution and delivery by Parent and Merger Sub of this Agreement and each Ancillary Agreement to which it is a party, and the performance by Parent and Merger Sub of their respective obligations hereunder or thereunder, does not and will not, directly or indirectly (with or without notice or lapse of item):

(a) Conflict with or violate: (i) any provision of the Certificate of Incorporation or Bylaws or equivalent organizational documents of Parent or Merger Sub or (ii) any resolution adopted by the board of directors or stockholders of Parent or Merger Sub;

(b) Materially conflict with, materially violate, result in a material breach of, result in the acceleration of material obligations, loss of material benefit or increase in material

Liabilities, create in any party the right to terminate, cancel or modify, or cause a material default (with or without due notice or lapse of time or both) under: (i) any provision of Applicable Law relating to Parent or Merger Sub; (B) any provision of any order, arbitration award, judgment or decree to which Parent or Merger Sub or any of its or their properties are subject; or (C) any provision of any Contract to which Parent or Merger Sub is bound; or

(c) Require a registration, filing, application, notice, consent, approval, order, qualification or waiver with, to or from any Governmental Authority on the part of Parent or Merger Sub.

6.4 Merger Sub. All of the issued and outstanding shares of capital stock of Merger Sub are owned by Parent. Merger Sub was formed solely for the purpose of engaging in a business combination transaction with the Company. Merger Sub is not a party to any agreements other than this Agreement and has not conducted any activities other than in connection with the organization of Merger Sub, the negotiation and execution of this Agreement and the consummation of the Transactions.

6.5 Financial Ability. Parent will have on the Closing Date, and thereafter as needed, sufficient cash on hand from Parent's immediately available internal organization funds or available under a committed credit facility or unutilized lines of credit with financial institutions, to consummate the Transactions and perform its obligations hereunder.

6.6 Solvency. As of the Closing, after giving effect to the Transactions, Parent will not: (a) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair salable value of its assets will be less than the amount required to pay its probable liability on its debts as they become absolute and matured), (b) have unreasonably small capital with which to engage in its business or (c) have incurred or plan to incur debts beyond its ability to pay as they become absolute and matured.

6.7 Brokerage. No broker, finder or investment banker has acted directly or indirectly for Parent or Merger Sub or any Affiliate thereof in connection with this Agreement or the Transactions. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in respect thereof based in any way on agreements, arrangements or understandings made by or on behalf of Parent or Merger Sub.

6.8 Independent Analysis.

(a) Parent is experienced in the acquisition and management of businesses. Parent has been afforded reasonable access to the books and records, facilities and personnel of the Company and the Company Subsidiaries for purposes of conducting a due diligence investigation of the Company, the Company Subsidiaries and their respective Businesses. Parent has received answers to all inquiries it has made with respect to Parent's due diligence investigation of the Company and the Company Subsidiaries.

(b) Parent has not been induced by and has not relied upon any representations, warranties or statements, whether express or implied, made by the Company, the Company Subsidiaries or the Stockholders (or their Affiliates, officers, directors, employees,

agents and representatives, as applicable) (and the Company, the Company Subsidiaries and the Stockholders have disclaimed any such representations, warranties or statements), whether express or implied that are not expressly set forth herein (including in the Disclosure Schedules), whether or not any such representations, warranties or statements were made in writing or orally. Parent acknowledges that none of the Company, the Company Subsidiaries nor any Stockholder nor any of their respective Affiliates makes, will make or has made any representation or warranty, express or implied, as to the prospects of the Company, the Company Subsidiaries or their profitability for Parent.

Section 7
COVENANTS AND AGREEMENTS

7.1 Conduct of Business. Except as set forth on Schedule 7.1 or as otherwise contemplated hereby, from the date hereof through the Closing Date, the Company and the Company Subsidiaries shall carry on their Businesses as presently conducted in the ordinary course in substantially the same manner as presently conducted (it being acknowledged and agreed that the foregoing shall not prohibit actions which are permitted by subsections (a) through (bb) of this Section 7.1) and shall make commercially reasonable efforts consistent with past practices to preserve its relationships with material customers, suppliers and other Persons with whom the Company and the Subsidiaries transact business. Without the prior written consent of Parent, and except as set forth on Schedule 7.1 or as otherwise contemplated hereby, the Company and the Company Subsidiaries will not:

(a) (i) make, declare or pay any dividend or distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of capital stock of the Company, (ii) grant (whether or not for consideration) any Person any option or other right to acquire any shares of capital stock or Other Securities of the Company or the Company Subsidiaries, (iii) issue (whether or not for consideration) any shares of capital stock or other securities of the Company or the Company Subsidiaries other than pursuant to the exercise of Warrants outstanding as of the date hereof or (iv) effected any stock split or otherwise change its capitalization;

(b) sell, transfer, pledge otherwise create any Encumbrance or otherwise dispose of any assets of the Company or the Company Subsidiaries valued at more than \$1,000,000;

(c) amend its Certificate of Incorporation or Bylaws or equivalent organizational documents;

(d) acquire capital stock or other securities or substantially all of the assets of any other Person, merge or consolidate with or into any other Person, dissolve or liquidate;

(e) make any single capital expenditure or enter into any Contract or commitment therefor in excess of \$300,000 individually or \$700,000 in the aggregate;

(f) materially change any method or principle of accounting, or any Tax reporting principles, methods or policies except to the extent required by GAAP or Applicable Law;

(g) except as required by Applicable Law, change any Tax reporting principles, methods or policies of any of the Company or any Company Subsidiary;

(h) amend or terminate, or waive, release or assign any material rights or claims with respect to, any Company Contract or Permit other than in the ordinary course of business;

(i) enter into or modify any standstill or non-compete contracts under which the Company or any Company Subsidiary is the obligor, or modify or waive any of their rights under any existing standstill or non-compete contract under which the Company or any Company Subsidiary is the beneficiary;

(j) enter into or modify any Contract that would constitute a Company Contract other than Contracts: (i) with a term of less than one (1) year, (ii) which involve expenditures by the Company or any Company Subsidiary of not more than \$750,000 individually or \$2,500,000 in the aggregate or (iii) which are entered into or modified in the ordinary course of business;

(k) amend the Real Property Leases or enter into any other real property lease or enter into a Contract with respect to the acquisition of real property;

(l) except (i) in the ordinary course of business and consistent with past practices of the Company and the Company Subsidiaries or (ii) as required by the terms and provisions of written contracts between any of the Company or any Company Subsidiary and an employee thereof as in existence on the date of this Agreement: (A) adopt or amend any Benefit Plan or increase in any manner the aggregate compensation or fringe benefits of any director, officer or employee of any of the Company and the Company Subsidiaries; (B) grant any unusual or extraordinary bonus, benefit or other direct or indirect compensation to any director, officer, employee or consultant, (C) increase the coverage or benefits available under any (or create any new) severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other employee benefit plan or arrangement made to, for, or with any of the directors, officers, employees, agents or representatives of the Company or any Company Subsidiary or otherwise modify or amend or terminate any such plan or arrangement, or (D) enter into any employment, deferred compensation, severance, special pay, consulting, non-competition or similar agreement or arrangement with any directors or officers of the Company or any Company Subsidiary (or amend any such agreement to which the Company or any Company Subsidiary is a party);

(m) (i) change or modify its credit, collection or payment policies, procedures or practices, including accelerating collection of accounts receivable or delaying payment of accounts payable or (ii) change cash balances of the Company or the Company Subsidiaries from the collection, payment, and cash management policies of the Company and the Company Subsidiaries other than in the ordinary course of business consistent with past practices;

(n) hire or appoint any new officers, directors or material exempt employees except (i) to replace existing employees at similar compensation levels, (ii) for any new

employees hired in the ordinary course of business or (iii) for temporary employees that will not be retained by the Company or the Company Subsidiaries for more than 30 days following the Closing Date;

(o) enter into any new intercompany transaction, agreement, arrangement, or understanding with, directly or indirectly, any officer or director or Affiliate, or make any payment or distribution to any of the foregoing other than (i) advances to directors, officers and employees of the Company or the Company Subsidiaries in the ordinary course of business and consistent with past practices of the Company and the Company Subsidiaries not to exceed, in the aggregate, \$150,000 and (ii) transactions between the Company and/or the Company Subsidiaries;

(p) commence any Action other than in the ordinary course of business, consistent with past practice;

(q) fail to maintain the books, records and accounts of the Company and the Company Subsidiaries in the ordinary course;

(r) (i) make, change or revoke any material Tax election, settle or compromise any material Tax claim or liability or change (or make a request to any Taxing Authority to change) any material aspect of its method of accounting for Tax purposes, or (ii) prepare or file any Tax Return (or any amendment thereof) unless such Tax Return is prepared in accordance with Section 9.2(a).

(s) settle or compromise any material Action, if such settlement or compromise would individually or in the aggregate, reasonably be expected to be greater than \$2,500,000;

(t) except in the ordinary course of business and consistent with past practices of the Company, and except for current liabilities within the meaning of GAAP, incurred in the ordinary course of business and consistent with past practices of the Company and the Company Subsidiaries, enter into any financing agreement, incur or assume any Indebtedness (except in the ordinary course of business and existing overdraft facilities at the bank of the Company and the Company Subsidiaries), assume, guarantee, endorse or otherwise become liable or responsible for the obligations of any other Person (other than endorsements of checks in the ordinary course) or make any loans, advances or capital contributions to, or investments in, any Person (other than among the Company and the Company Subsidiaries), other than advances permitted by subsection (n) of this Section 7.1;

(u) pay, discharge or satisfy any material (in excess of \$1,000,000) claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than in the ordinary course of business and consistent with past practices of the Company;

(v) transfer ownership or license rights, on an exclusive basis, to any third Person, any Company Intellectual Property, or cause any material Company Intellectual Property to lapse;

(w) grant any severance or termination pay to any director or employee (including officer) of the Company or the Company Subsidiaries, other than those made (i) pursuant to existing Contracts, (ii) in the ordinary course of business, consistent with past practice or (iii) to the extent required by Applicable Law;

(x) enter into, modify or terminate any labor or collective bargaining agreement of the Company or the Company Subsidiaries or, through negotiation or otherwise, make any commitment or incur any liability to any labor organization with respect to the Company and the Company Subsidiaries;

(y) except as required by Applicable Law, introduce any material change with respect to the operation of the Company and the Company Subsidiaries, including any material change in the types, nature, composition or quality of its products or services;

(z) take any action which would be reasonably anticipated to prevent the ability of the parties to consummate the Transactions;

(aa) enter into any Contract, understanding or commitment that restrains, restricts, limits or impedes the ability of the Company or any Company Subsidiary to compete with or conduct any business or line of business in any geographic area or solicit the employment of any persons; or

(bb) agree in writing or otherwise to take any of the foregoing actions.

7.2 Efforts to Close; Consents; Contract Terminations.

(a) From the date hereof through the Closing Date, each party hereto shall use reasonable efforts to take, or cause to be taken, such actions, and shall do, or cause to be done, such things necessary, proper or advisable to consummate and make effective as promptly as practicable the Transactions.

(b) Parent, Merger Sub, the Company and the Company Subsidiaries shall take, or cause to be taken by others, commercially reasonable steps to obtain and satisfy, at the earliest practicable date, all consents, waivers, approvals and notices required under any Contracts and/or in order to satisfy the condition in Section 10.3(f). All such consents, waivers, approvals and notices shall be in writing and in form and substance reasonably satisfactory to Parent, and executed counterparts of such consents, waivers and approvals shall be delivered to Parent promptly after receipt thereof, and copies of such notices shall be delivered to Parent promptly after the making thereof. The Company shall be required to make any commercially reasonable expenditures necessary to obtain such consents and/or in order to satisfy the condition in Section 10.3(f). Notwithstanding anything to the contrary in this Agreement, neither Parent nor any of its Affiliates shall be required to pay any amounts in connection with obtaining any consent, waiver or approval and/or to cause the satisfaction of the condition in Section 10.3(f).

(c) At Parent's direction, the Company shall, at the Company's cost and expense, terminate the New CVS Contract prior to Closing and pay any termination fee due in connection therewith.

(d) The Company shall use commercially reasonable efforts to obtain executed counterparts to retention agreement(s), substantially in the form reasonably acceptable to Parent and the employees that are signatories thereto (the "Retention Agreements"), duly executed by the Company on the one hand and each of Robert Fahlman, Les Granow, Garrison Rios and Jeffrey McManus on the other hand.

(e) At the direction of Parent, the Company shall, at its sole cost and expense if terminated prior to the Closing or at the sole cost and expense of the Stockholders if terminated following the Closing, terminate (i) any and all agreements existing at the Closing between the Company and the Company Subsidiaries on the one hand and McKesson Health Solutions and its Affiliates on the other hand, including the McKesson Health Solutions Master Agreement No. 13485, and related order forms (including the order form dated July 15, 2008), attachments, exhibits and schedules and (ii) any additional Contracts existing on the date hereof (A) which may be added to the Disclosure Schedules following the date hereof pursuant to Section 7.7 hereof or otherwise, or (B) which were not provided to Parent in complete form prior to the date hereof, which Parent requests the termination of as a condition to Closing.

7.3 No Solicitation of Transactions. From the date hereof through the Closing Date, none of the Stockholder Parties, the Company or the Company Subsidiaries shall directly or indirectly solicit, encourage, initiate or hold discussions or negotiations with, provide any nonpublic information to, or enter into any agreement with, any Person (other than Parent and its Representatives) with respect to a merger, consolidation, sale of substantial or significant amount of assets, sale of securities or acquisition of beneficial ownership of or to vote securities of the Company, liquidation, dissolution or similar transaction or business combination involving the Company. The Company shall promptly inform Parent of any inquiry (including the terms thereof and the identity of the Person making such inquiry) which it or any Stockholder Party receives in respect of any such transaction.

7.4 Voting; No Transfers. The Stockholder Parties agree that, during the time this Agreement is in effect, they shall vote their shares of Company Capital Stock: (a) in favor of the Merger and this Agreement and (b) against any proposal for any recapitalization, merger (other than the Merger), sale of assets or other business combination between the Company and any Person or which would result in any of the conditions to Closing to this Agreement not being fulfilled. The Stockholder Parties hereby covenant and agree that, from the date hereof to the earlier to occur of the termination of this Agreement or the Closing Date, they shall not, and shall not offer or agree to, sell, transfer, tender, assign, hypothecate or otherwise dispose of, or create or permit to exist any Encumbrance (other than securities law restrictions of general applicability and Permitted Encumbrances) on, or grant any proxy with respect to, the shares of Company Capital Stock now owned or that may hereafter be acquired by the Stockholder Parties at any time prior to the Closing Date and any attempt by any Stockholder Party to the transfer of shares of Company Capital Stock shall be void ab initio.

7.5 Access to Information. The Company and the Company Subsidiaries shall afford to the Parent, Merger Sub and their respective Representatives reasonable access, during normal business hours and upon advance notice, to their assets, books and records, and facilities (including all real property subject to the Real Property Leases and the buildings, structures, fixtures, appurtenances and improvements erected, attached or located thereon), books, contracts,

commitments, Tax Returns, records, financial information (including working papers and data in the possession of the Company, the Company Subsidiaries or their respective independent public accountants, internal audit reports, and "management letters" from such accountants with respect to the Company's systems of internal controls) and Contracts of the Company and the Company Subsidiaries as may reasonably be requested for purposes of transition planning; provided, however, that such investigation shall not unreasonably interfere with the Businesses or operations of the Company or the Company Subsidiaries; and, provided, further, that the Company and the Company Subsidiaries shall not be required to violate any legally binding confidentiality obligations to which they are subject or any attorney-client or similar privilege held by them. Parent, Merger Sub and their respective Representatives shall not speak with the employees, customers, distributors or suppliers of the Company or the Company Subsidiaries without the prior written consent of the Stockholder Representative. No information provided to or obtained by Parent pursuant to this Section 7.5 shall limit or otherwise affect the remedies available hereunder to Parent (including Parent's right to seek indemnification pursuant to Section 11), or the representations or warranties of, or the conditions to the obligations of, the parties hereto.

7.6 Stockholder Approval. Promptly hereafter, the Company shall, in accordance with its Certificate of Incorporation and Bylaws and the applicable requirements of the DGCL, obtain the requisite approval of the Stockholders for the Merger and the Transactions. Any information statement, proxy statement or similar document the Company delivers to its Stockholders in connection with such solicitation shall be subject to the approval of Parent (not to be unreasonably withheld, delayed or conditioned). Without limiting the foregoing, immediately following the execution of this Agreement, the Stockholder Parties shall execute and deliver to the Company (with a copy to Parent) the Stockholder Consent by which they shall approve this Agreement, the Merger and the other Transactions and shall not revoke the Stockholder Consent.

7.7 Disclosure Schedules; Notices of Breaches.

(a) Promptly upon becoming aware thereof, the Company, on the one hand, and Parent and Merger Sub, on the other, shall promptly notify the other of any event, condition or circumstance occurring from the date hereof through the Closing Date that would constitute a material violation or breach of this Agreement by: (i) the Company or a Stockholder Party or (ii) Parent or Merger Sub, respectively.

(b) The Company may, from time to time prior to or at the Closing, by notice in accordance with the terms of this Agreement, supplement or amend the Disclosure Schedule, including one or more supplements or amendments to correct any matter which would constitute a breach of any representation, warranty, agreement or covenant contained herein. No such supplement, amendment or addition shall be evidence, in and of itself, that the representations and warranties in the corresponding Section are no longer true and correct in all material respects. It is specifically agreed that such schedules may be amended to add immaterial, as well as material, items thereto. Subject to Sections 7.7(c) and 7.7(d), no such supplement or amendment of or to the Disclosure Schedule shall be deemed to cure any breach and the delivery of any such supplemental disclosure shall not limit or otherwise affect the remedies available

hereunder to the party receiving such notice, or the representations or warranties of, or the conditions to the obligations of, the parties hereto including those set forth in Section 10.

(c) Notwithstanding Section 7.7(b) and subject to Section 7.7(d), if (A) an event, condition or circumstance arises following the date hereof but prior to Closing that would cause a failure of the conditions to Closing set forth in Section 10.3(d), (B) such failures do not result from a breach of the Company's, the Company Subsidiaries' or the Stockholder Parties' covenants between signing and Closing hereunder and (C) there is no dispute between the Company and Parent as to the immediately foregoing clauses (A) or (B), then the Company shall be entitled to terminate this Agreement by written notice to Parent and the Company shall have no liability related to Parent in connection with termination; provided, that the Company shall not have such termination right in the event that Parent agrees to (X) waive the failures of the condition Section 10.3(d) and (Y) to forego any right to post-Closing indemnity in respect of such event, condition or circumstance.

(d) Notwithstanding Sections 7.7(b) and 7.7(c), if there is any event, condition or circumstance following the date hereof but prior to Closing which the Company asserts (i) has caused a failure of the condition in Section 10.3(d) and (ii) was not caused by a breach of the Company's, the Company Subsidiaries' or the Stockholder Parties' covenants between signing and Closing hereunder and Parent either (A) disputes that there has been a failure of the condition in Section 10.3(d) or (B) agrees that there was such a failure but asserts that such failure was caused by a breach of the Company's, the Company Subsidiaries' or the Stockholder Parties' covenants between signing and Closing hereunder, then Parent shall be entitled to cause the Company to (and the Company and the Stockholder Parties shall), proceed with the Closing as if the condition in Section 10.3(d) has been satisfied and, following the Closing, the parties shall submit to arbitration, in accordance with Section 13.8, the question(s) of whether such event, condition or circumstance resulted in a failure of the condition in Section 10.3(d) and whether such event, condition or circumstance was caused by a breach of the Company's, the Company Subsidiaries' or the Stockholder Parties' covenants between signing and Closing hereunder. If the arbitrator determines that such event, condition or circumstance resulted in a failure of the condition in Section 10.3(d) and that such event, condition or circumstance did not result from a breach of the Company's covenants between signing and Closing hereunder, then the Parent Indemnitees shall not be entitled, and shall be deemed to have waived any rights, to indemnification pursuant hereto in respect of such event, condition or circumstance. If the arbitrator determines that (A) there was not a failure of the condition in Section 10.3(d) or (B) there was a failure of the condition in Section 10.3(d) but that such failure was caused by a breach of the Company's, the Company Subsidiaries' or the Stockholder Parties' covenants between signing and Closing hereunder, then the Parent Indemnitees shall be entitled to indemnification pursuant hereto (but subject to any applicable limitations in Section 11 hereof) in respect of such event, condition or circumstance.

7.8 Confidentiality. The terms of the Confidentiality Agreement, dated April 22, 2011, by and between Parent and the Company (the "Confidentiality Agreement") are hereby incorporated by reference and shall continue in full force and effect until the Closing, at which time such Confidentiality Agreement and the obligations of Parent under this Section 7.8 shall terminate. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in respect of any confidential

information in accordance with its terms. Parent agrees that, if it discovers after the Closing Date that any of its or its Affiliates' employees or Representatives possesses any confidential or proprietary document which they are not entitled to possess, then it will immediately return such document to the Company or destroy such document (and, upon request, certify as to the destruction thereof).

7.9 Stockholders' Access to Records after Closing; Assistance by Parent.

(a) For a period of seven (7) years after the Closing Date, the Stockholders shall have reasonable access to all of the books and records of the Company and each Company Subsidiary (including any books and records relating to Taxes and Tax Returns of the Company and each Company Subsidiary), to the extent that such access may reasonably be required by a Stockholder in connection with matters relating to or affected by the operations of the Company and each Company Subsidiary prior to the Closing Date, including the preparation of Tax Returns, any Tax audits, the defense or prosecution of litigation (including arbitration or mediation) and any other reasonable need of the Stockholders to consult such books and records. Such access shall be afforded by Parent upon receipt of reasonable advance notice and during normal business hours. The Stockholder seeking access shall be solely responsible for any costs or expenses incurred by it pursuant to this Section 7.9(a). If any such books or records, or any other documents which the Stockholders have the right to have access to pursuant to this Section 7.9(a) are produced by Parent, the Company or the Company Subsidiaries to an actual or potentially adverse party (*e.g.*, in litigation or in connection with a government investigation), then Parent shall endeavor to immediately make all such books, records and/or documents produced available for inspection and copying by the Stockholders concurrently with the production of such books, records and/or documents. In addition, if Parent, the Company or any Company Subsidiary desires to dispose of any of such books or records prior to the expiration of such seven (7)-year period, Parent shall, prior to such disposition, give the Stockholders a reasonable opportunity, at the Company's or Company Subsidiary's expense, as applicable, to segregate and remove such books and records as the Stockholder may select.

(b) Parent shall provide to any Stockholder so requesting, reasonable assistance, at the Stockholders' expense, by providing employees of the Company or any Company Subsidiary to act as witnesses and preparing documents, reports and other information requested by the Stockholder in support of the activities described in Section 7.9(a).

(c) Any Stockholder may retain copies of any Contracts, documents or records: (i) which relate to properties or activities of such Stockholder other than the Company or the Company Subsidiaries or (ii) which are required to be retained pursuant to any legal requirement or are subject to the attorney-client privilege, or for financial reporting purposes, for Tax purposes or for legal defense or prosecution purposes.

7.10 Regulatory and Antitrust Approval.

(a) Each of Parent and the Company will give any notices to, make any filings with, and use its commercially reasonable efforts to obtain at the earliest practical date any authorizations, consents and approvals of any Governmental Authorities which are necessary to consummate the Transactions, including the consents, waivers, approvals, Orders, Permits,

authorizations, declarations, filings and notices referred to in Sections 5.3(a)(v) and 6.3(c). Without limiting the generality of the foregoing (i) within ten (10) business days of the date hereof, each of Parent and the Company will make all filings with the DOJ and the FTC of any notifications required to be filed under the HSR Act and the rules promulgated thereunder with respect to the Transactions, and (ii) within four (4) weeks following the date hereof, each of Parent and the Company will make all other filings required by other Antitrust Laws. Each of Parent and the Company shall furnish to the other such necessary information and reasonable assistance and cooperation as the other may request in connection with its preparation of any filing or submission that is necessary to consummate the Transactions (including filings under the HSR Act and other Antitrust Laws). Parent and the Company shall use commercially reasonable efforts to comply as promptly as practicable with any requests made for any additional information in connection with such filings or actions. The parties shall also file any post-transaction notices as may be required by such Governmental Authorities within the time periods prescribed by Applicable Law. Parent and the Company shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, the DOJ or the FTC and use commercially reasonable efforts to comply promptly with any such inquiry or request. No party hereto shall independently participate in any formal or informal meeting with any Governmental Authority in respect of any such filings, investigation or other inquiry without giving the other parties hereto prior notice of the meeting and, to the extent permitted by such Governmental Authority, the opportunity to attend and/or participate. Subject to Applicable Law, the parties hereto shall consult and cooperate with one another in connection with the matters described in this Section 7.10, including in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto relating to proceedings under the HSR Act or other Antitrust Laws.

(b) Each of Parent, the Stockholder Parties and the Company shall use commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Authority with respect to the Transactions under any Antitrust Laws. Each of Parent and the Company will use its commercially reasonable efforts to take such actions as may be required to cause the expiration of the waiting or notice periods under the HSR Act and under other Antitrust Laws with respect to the Transactions as promptly as possible after the execution of this Agreement and to avoid the entry of, or to effect the dissolution of, any decree, order, judgment, injunction, temporary restraining order or other order in any Action, that would otherwise have the effect of preventing or materially delaying the consummation of the Transactions.

(c) Parent shall diligently file all necessary forms with the insurance commissioners in the respective states of domicile of the Company Subsidiaries seeking approval of Parent's acquisition of control of each such Company Subsidiary resulting from the Merger under the insurance holding company system laws of the applicable Company Subsidiary's state of domicile (the "State Insurance Filings"). Parent shall use its commercially reasonable efforts to obtain approval of the State Insurance Filings as promptly as practicable. The Company and the Company Subsidiaries, as applicable, shall promptly provide Parent with their full cooperation and assistance in connection with the State Insurance Filings. Parent, on the one hand, and the Company and the applicable Company Subsidiaries, on the other hand, agree to respond, as promptly as practicable, to any requests for information, inquiries or comment letters

issued by the applicable insurance commissioners in connection with the State Insurance Filings. Furthermore, Parent, the Company and the Company Subsidiaries respectively agree to respond, as promptly as practicable, to any proposed undertakings or commitments sought by insurance commissioners from Parent, the Surviving Corporation, the Company Subsidiaries or the Company in connection with the State Insurance Filings.

(d) If required, the Company Subsidiaries shall diligently and timely file all pre-acquisition notification filings with the applicable insurance commissioners to demonstrate that the Merger will not violate the competitive standard in the applicable state's insurance holding company system laws (the "Competition Filings"). The Company Subsidiaries, if applicable, shall use their commercially reasonable efforts to have the Competition Filings deemed approved as promptly as practicable. Parent shall promptly provide the Company Subsidiaries with its full cooperation and assistance in connection with the Competition Filings. The Company Subsidiaries, on the one hand, and Parent, on the other hand, agree to respond, as promptly as practicable, to any requests for information, inquiries or comment letters issued by the applicable insurance commissioners. Furthermore, Parent and the Company Subsidiaries respectively agree to respond, as promptly as practicable, to any proposed undertakings or commitments sought by insurance commissioners from Parent, the Surviving Corporation, the Company Subsidiaries or the Company in connection with the Competition Filings.

(e) In addition to the foregoing obligations of the parties in this Section 7.10, Parent and the Company will use commercially reasonable efforts to effectuate the Merger and make effective the other Transactions. Without limiting the generality of the foregoing, each party to this Agreement will: (i) make any filings and give any notices required to be made or given by such party in connection with the Merger and the other Transactions; (ii) use commercially reasonable efforts to obtain any consent required to be obtained (pursuant to any applicable legal requirement, contract or otherwise) by such party in connection with the Merger or any of the other Transactions, including accepting or entering into undertakings or commitments sought by Governmental Authorities that are usual, customary and reasonable for transactions of the type contemplated by this Agreement; and (iii) use commercially reasonable efforts to lift any restraint, injunction or other legal bar to the Merger.

(f) Notwithstanding anything to the contrary in this Section 7.10 or otherwise, in no event shall Parent, the Company nor any of their respective Affiliates be required pursuant to this Section 7.10 or otherwise (i) to pay any material amounts (other than as set forth in Section 7.10(m) and costs and expenses in connection with satisfying the covenants to close set forth herein), (ii) to hold separate (including by trust or otherwise) or divest any of Parent's, the Company's or their respective Affiliates' businesses, product lines or assets, (iii) to agree to any material structural or non-structural limitation on Parent's, the Company's or their respective Affiliates' businesses, assets or operations or (iv) to waive any of the conditions set forth in Section 10 of this Agreement. Without limiting the generality of the foregoing (and notwithstanding anything to the contrary in this Section 7.10 or otherwise), neither the Company nor any Company Subsidiary shall take any of the actions contemplated by clauses (ii) or (iii) above without Parent's prior written consent which may be withheld in Parent's sole discretion. Each of Parent and the Company will promptly deliver to the other a copy of each such filing made, each such notice given and each such consent obtained.

(g) Notwithstanding anything to the contrary in this Section 7.10 or otherwise, Parent will have the sole and exclusive right to determine whether to take any actions in connection with any demands for sale, divestiture or disposition of assets or business of Parent, the Company, the Company Subsidiaries or their respective Affiliates or other relief asserted by the DOJ, the FTC or other Governmental Authority in connection with antitrust or competition matters or to defend through litigation any proceeding commenced by the DOJ, the FTC or other Governmental Authority in connection with the transaction contemplated hereby and by the other Ancillary Agreement; any such determination by Parent shall not affect any party's right to terminate this Agreement pursuant to Section 12 so long as such party has up to then complied in all material respects with its obligations under this Section 7.10. Parent shall have the sole and exclusive right to direct and control any such litigation, negotiation or other action, with counsel of its own choosing.

(h) Each party will use commercially reasonable efforts to file, as promptly as practicable, all notices, reports and other documents required to be filed by such party with any Governmental Authority with respect to the Merger and the other Transactions, and to submit promptly any additional information requested by any such Governmental Authority, including the provision by the Company Subsidiaries of notices to CMS, with a separate notice to CMS Medicare Drug Benefit Group and Central Office MA plan manager no later than thirty (30) days prior to the date of Closing.

(i) Parent and the Company will promptly inform the other of any communication from any Governmental Authority regarding the Merger, and consult and cooperate with one another, and consider in good faith the views of one another, in connection with any analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal made or submitted by either of them in connection with any investigation by any Governmental Authority of the Merger or legal proceeding relating to the Merger. In addition, except as may be prohibited by any Governmental Authority or by any Applicable Law, in connection with any investigation or legal proceeding relating to the Merger to which either Parent or the Company is a party, each of Parent and the Company will provide prompt notice of and permit authorized Representatives of the other party to be present at each meeting or conference relating to any such investigation or legal proceeding and to be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Authority in connection with any such investigation or legal proceeding.

(j) If any Action is instituted (or threatened to be instituted) challenging the Transactions as in violation of any Applicable Law, the Stockholder Parties and the Company shall, at Parent's request, use commercially reasonable efforts, and Parent shall cooperate with the Stockholder Parties and the Company, to contest and resist any such Action, and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Transactions, including by pursuing all available avenues of administrative and judicial appeal.

(k) The Company shall, and the Stockholder Parties shall cause the Company to, cooperate in taking any action required to be taken by any Governmental Authority in connection with the Transactions that is within its control and that Parent reasonably requests the

Company to take so long as the effectiveness of such action is conditioned on the consummation of the Transactions; provided, that the Company shall not be required to take any actions that, individually or in the aggregate, would in the reasonable judgment of the Company result in a negative impact on the business of the Company if the Transactions are not consummated.

(l) Notwithstanding anything in this Agreement to the contrary, Parent acknowledges on behalf of itself and its Affiliates, successors and assigns that the operation of the Company's business shall remain in the dominion and control of the Company until the Closing and that none of the foregoing Persons will provide, directly or indirectly, any directions, orders, advice, aid, assistance or information to any director, officer or employee of the Company or any of the Company Subsidiaries except as specifically contemplated or permitted by this Section 7.10.

(m) Parent shall pay any and all filing fees incurred in connection with the filings made by the parties to comply with this Section 7.10. All out-of-pocket expenses incurred by Parent, the Company or the Stockholder Parties in connection with their respective obligations pursuant to this Section 7.10 shall be borne by the party incurring such expenses.

7.11 Publicity.

(a) After the date hereof and prior to the Closing, no public release or announcement concerning the Transactions shall be issued by any party or any party's respective Affiliates without the prior written consent of both Parent and the Company, except as such release or announcement may be required by Applicable Law or the rules or regulations of any United States or foreign securities exchange, in which case the party required to make the release or announcement shall allow the other parties reasonable time to comment on or seek a protective order with respect to such release or announcement in advance of such issuance.

(b) After the Closing, no public release or announcement concerning the Transactions shall be issued by any party or any party's respective Affiliates without the prior written consent of both Parent and the Stockholder Representative, as the case may be (which consent shall not be unreasonably conditioned, withheld or delayed), except as such release or announcement may be required by Applicable Law or the rules or regulations of any United States or foreign securities exchange, in which case the party required to make the release or announcement shall allow the other parties reasonable time to comment on or seek a protective order with respect to such release or announcement in advance of such issuance.

7.12 Insurance Matters.

(a) Prior to the Closing, the Stockholder Parties and the Company shall cooperate with Parent and use commercially reasonable efforts to obtain, at Parent's expense, "tail" coverage with respect to any "claims-made" insurance policy of the Company or the Company Subsidiaries (a true, correct and complete list of such policies being set forth on Schedule 5.20), such coverage to be in place for a duration specified by Parent. Any such "tail" policy shall be obtained from the issuer of the "claims made" policy which such "tail" coverage supplements or, if specified by Parent, through Parent's insurance broker or carrier.

(b) Prior to the Closing, the Company shall obtain, at the Parent's expense, from the issuer of its existing directors' and officers' liability insurance policy, six (6) years of "tail" coverage with respect to such policy.

7.13 Related-Party Transactions. On or prior to the Closing Date, the Company shall and the Stockholder Parties shall cause the Company to (a) pay or otherwise satisfy all obligations of the Company and the Company Subsidiaries to any Stockholder or any of their respective Affiliates (other than obligations of the Company and the Company Subsidiaries to its employees, officers and directors set forth in the Disclosure Schedules), (b) terminate all Contracts with the Stockholders or their respective Affiliates (other than (i) those Contracts set forth on Schedule 7.13 and (ii) Contracts between the Company or the Company Subsidiaries and their employees, officers and directors set forth in the Disclosure Schedules) and (c) deliver releases executed by such Affiliates with whom the Company has terminated such Contracts pursuant to this Section 7.13 providing that no further payments are due, or may become due, under or in respect of any such terminated Contracts.

7.14 401(k) Plan Vesting. Prior to the Closing, the Company shall amend the Arcadian Management Services, Inc. 401(k) Plan (the "401(k) Plan") to the extent necessary to bring the 401(k) Plan into compliance with all applicable laws and regulations that require amendments through the date of the Closing, and vest all participants in their accounts prior to the Closing Date but contingent on the Closing.

7.15 Section 409A Correction. Prior to the Closing, the Company shall take all steps necessary to correct its failure to properly report the violations of Section 409A of the IRC which resulted from the grants of stock options as described in Schedule 5.18(k), including (i) the preparation and submission of any amended state and Federal employment Tax Returns, (ii) issuance of Forms W2-C to impacted employees, (iii) payment of any and all income, employment and other Tax amounts which were not paid with respect to prior Tax periods (including the employee-portion of any income and/or employment Taxes) (iv) payment of, or reimbursement for, any Taxes relating to any the of foregoing under Section 409A of the IRC or otherwise, and (v) payment of, or reimbursement for, any additional amounts as are required to cover any additional Tax liability to the Company or its current or former employees resulting from the payments contemplated by clauses (i) through (iv) and this clause (v).

7.16 Compliance Plans. The Company and the Company Subsidiaries shall use their best efforts to (i) develop and submit to CMS or any other applicable Governmental Authority any Corrective Action Plan requested or required in respect of the disclosures under clause (i) of Section 5.26(b), (ii) implement any changes to any proposed or previously-adopted Corrective Action Plan which are requested or required by CMS or any other applicable Governmental Authority; and (iii) comply in all material respects with all Corrective Action Plans.

Section 8 POST-CLOSING COVENANTS

8.1 Release.

(a) As of the Closing, the Stockholder Parties, on behalf of themselves and their respective their respective Affiliates, officers, directors, stockholders, members, managers, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Stockholder Releasing Parties"), hereby, irrevocably and unconditionally, fully and forever acquit, release, covenant not to sue, discharge and agree to hold harmless the Surviving Company, the Company Subsidiaries and Parent, and their respective Affiliates, officers, directors, stockholders, members, managers, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Parent Releasing Parties"), from any and all actions, claims, charges, demands, damages, losses, obligations, liabilities, costs, expenses (including, without limitation, attorneys' fees and court costs), causes of action, debts, contracts, torts, covenants, fiduciary duties, responsibilities, suits and judgments, at law or in equity, of every nature and kind, including claims for breach of contract (including claims arising out of any employment agreement, offer letter, employee benefit plan, stock incentive plan, bonus plan, severance agreement or other agreement), tort, fraud or misrepresentation, violation of any federal, state, or local civil rights laws of any jurisdiction, based on any protected class status, defamation, intentional or negligent infliction of emotional distress, breach of the covenant of good faith and fair dealing, promissory estoppel or negligence that the Stockholder Releasing Parties have, may have had or may have in the future against the Parent Releasing Parties, whether known or unknown, for all matters relating to, arising out of or in connection with dealings between the Stockholder Releasing Parties and the Parent Releasing Parties from the beginning of time through the date hereof, except as set forth in Section 8.1(c).

(b) As of the Closing, Parent, on behalf of itself and the Parent Releasing Parties hereby, irrevocably and unconditionally, fully and forever acquit, release, covenant not to sue, discharge and agree to hold harmless the Stockholder Releasing Parties, from any and all actions, claims, charges, demands, damages, losses, obligations, liabilities, costs, expenses (including, without limitation, attorneys' fees and court costs), causes of action, debts, contracts, torts, covenants, fiduciary duties, responsibilities, suits and judgments, at law or in equity, of every nature and kind that the Parent Releasing Parties have, may have had or may have in the future against the Stockholder Releasing Parties, whether known or unknown, for all matters relating to, arising out of or in connection with dealings between the Parent Releasing Parties and the Stockholder Releasing Parties from the beginning of time through the date hereof, except as set forth in Section 8.1(c).

(c) Notwithstanding anything to the contrary, this Section 8.1 does not give up the rights of any party to the following claims that the party has or may have: (i) to seek indemnification pursuant to Applicable Law or the Certificate of Incorporation or Bylaws or equivalent documents of the Company or the Company Subsidiaries, (ii) to seek coverage under directors' and officers' liability insurance policies maintained or required to be maintained by Parent, the Company or the Company Subsidiaries, (iii) to any accrued but unpaid compensation owed as of the Closing Date, (iv) to any accrued but unpaid business expenses to the extent such expenses are reimbursable under the Company or the Company Subsidiaries' existing company policies, (v) to rights under any benefit plan maintained, contributed to or sponsored by the Company or the Company Subsidiaries as of the Closing Date or (vi) to enforce any rights under this Agreement, the Ancillary Agreements or any other document executed in conjunction therewith.

(d) The Stockholder Releasing Parties and Parent Releasing Parties hereby acknowledge that they have been fully advised by their attorneys of the contents of Section 1542 of the California Civil Code, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

(e) The Stockholder Releasing Parties and Parent Releasing Parties hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction, which provides that a general release does not extend to claims which such releasor does not know or suspect to exist in his, her or its favor at the time of executing the release, which if known by him, her or it must have materially affected his, her or its settlement with the released party, with respect to the releases granted in this Agreement. In this regard, each Stockholder Releasing Party and Parent Releasing Party acknowledges that he, she or it is aware that any of the Stockholder Releasing Parties and Parent Releasing Parties or their respective attorneys may hereafter discover claims or facts in addition to or different from those which the Stockholder Releasing Parties, and Parent Releasing Parties or their respective attorneys now know or believe to exist with respect to the subject matter of the foregoing releases, and it is his, her or its intention hereby to fully, finally, and forever settle and release all possible claims purported to be released hereunder that he, she or it may have against the Parent Releasing Parties or Stockholder Releasing Parties (as applicable). Further, it is expressly understood that notwithstanding the discovery or existence of any such additional or different claims or facts, the release given herein shall be and remain in effect as a full and complete release with respect to all claims released hereunder. The release in this Section 8.1 is for any relief, no matter how denominated, including, but not limited to, injunctive relief, wages, front pay, compensatory damages, or punitive damages. The release in this Section 8.1 may not be changed orally or in writing, except as provided in Section 13.4 hereof.

(f) The invalidity or unenforceability of any provision of this Section 8.1 shall not affect or limit the validity or enforceability of any other provision hereof and if any particular provision of this Section 8.1 shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. The invalidity or unenforceability of any provision of this Section 8.1 as to any Stockholder Releasing Party or Parent Releasing Party (as applicable) shall not affect or limit the validity or enforceability of this Section 8.1 to any other Stockholder Releasing Party or Parent Releasing Party (as applicable).

(g) Each Stockholder Releasing Party and Parent Releasing Party represents and agrees that (i) he, she or it has been encouraged to consult with an attorney of his, her or its choice concerning his, her or its rights and the release granted in this Section 8.1, (ii) he, she or it has thoroughly discussed all aspects of the release granted in this Section 8.1 and his, her or its rights with his, her or its own attorney or other advisor of his, her or its choice to the full extent

he, she or it wanted to do so before signing this Agreement, (iii) he, she or it understands he, she or it is waiving legal rights or claims by signing this Agreement, (iv) he, she or it has carefully read and fully understands this Agreement and the release granted in this Section 8.1, and (v) he, she or it is voluntarily signing this Agreement.

(h) Each Stockholder Releasing Party and Parent Releasing Party acknowledges that in entering this Agreement and the release contemplated hereby he, she or it has done so freely and voluntarily and with knowledge of all the material facts, and not as a result of any duress, concealment, fraud or undue influence.

(i) To the extent permitted by Applicable Law, each Stockholder Releasing Party and Parent Releasing Party covenants, agrees and promises that he, she or it will not file any claim, charge or action asserting any such claims and, that if such a claim is brought on such Person's behalf or for such Person's benefit in or by any court or administrative agency, such Person hereby waives and agrees not to take any award or money or other damages as a result of such claim. No Stockholder Releasing Party or Parent Releasing Party shall aid or assist any other Person in connection with the pursuit of any claim that could not be brought by such Stockholder Releasing Party or Parent Releasing Party (as applicable) hereunder, except in the case of a court order or validly issued subpoena.

8.2 Confidentiality. For a period of five (5) years following the Closing Date, each Stockholder Party shall keep secret and retain in strictest confidence, and shall not, without the prior written consent of Parent, furnish, make available or disclose to any third party or use for the benefit of itself or any third party, any Confidential Information. "Confidential Information" shall mean any confidential, proprietary or non-public information relating to: (a) this Agreement or the Ancillary Agreements or the Transactions or (b) the Business and the business or affairs of the Company and the Company Subsidiaries, including, without limitation, information relating to financial statements, client or customer identities, potential clients or customers, employees, suppliers, servicing methods, equipment, programs, strategies and information, analyses, profit margins or other proprietary information. Notwithstanding the foregoing, "Confidential Information" shall not include any information which: (w) is or becomes generally available to the public through no wrongful act on the part of a Stockholder Party, (x) was or is disclosed to a Stockholder Party by a source other than Parent, Merger Sub, the Company or the Company Subsidiaries, (y) is independently developed by a Stockholder Party without use of reference to Confidential Information or (z) is required to be disclosed pursuant to judicial order, regulation or Applicable Law. Each Stockholder Party acknowledges that the Confidential Information is vital, sensitive, confidential and proprietary to the Business. Upon the Closing, Parent and the Company hereby acknowledge and agree that the Confidentiality Agreement shall automatically terminate without further action by any Person and shall thereafter be of no further force or effect whatsoever.

8.3 Insurance. Subject to Section 7.12(a), for a period of one (1) year following the Closing Date, Parent shall cause the Surviving Corporation and the Company Subsidiaries to maintain liability insurance in amounts at least comparable to the amounts maintained by the Company and the Company Subsidiaries on the date of execution of this Agreement.

8.4 Indemnification.

(a) Subject to Section 7.12(b), all rights to indemnification and exculpation from liability for acts and omissions occurring at or prior to the Effective Time and rights to advancements of expenses relating thereto now existing in favor of the current or former directors, officers, employees and agents of the Company or any Company Subsidiary (the "Company Agents") as provided in the Certificate of Incorporation and Bylaws of such entity or any indemnification agreement between the Company or any Company Subsidiary and any Company Agent shall survive the Merger and shall not, for a period of six (6) years after the Effective Time, be amended, repealed or otherwise modified in any manner that would adversely affect the rights thereunder of any such Company Agent, unless an alteration or modification of such documents is required by Applicable Laws or the Company Agent affected thereby otherwise consents in writing thereto.

(b) In the event that Parent, the Surviving Corporation, the Company Subsidiaries or any of their respective successors or assigns: (i) consolidates with or merges into any other person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any person, proper provisions shall be made so that such person assumes the obligations set forth in this Section 8.4.

Section 9 TAX MATTERS

9.1 Straddle Periods. The Taxes, if any, attributable to a Straddle Period shall be allocated (i) to the Stockholders for the period up to and including the close of business on the Closing Date, and (ii) to Parent for the period subsequent to the Closing Date. Any allocation of income or deductions required to determine any Taxes attributable to a Straddle Period shall be made by means of a closing of the books and records of the Company and the Company Subsidiaries as of the close of business on the Closing Date; provided, that (x) the Shareholders' liability for Taxes attributable to a Straddle Period shall not be affected by any transactions occurring on the Closing Date after the Closing which are not anticipated by this Agreement, and (y) exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period after the Closing Date in proportion to the number of days in each such period. In the case of any Taxes of the Company and the Company Subsidiaries imposed on a periodic basis (including real property and ad valorem Taxes) the allocation between Stockholders and Parent described in this Section 9.1 shall be made based on the number of days during the Straddle Period on or before the Closing Date, on the one hand, and the number of days in the Straddle Period after the Closing Date, on the other hand.

9.2 Filing of Tax Returns; Payment of Taxes.

(a) Prior to the Closing Date, the Company shall timely file (i) all Tax Returns for Pre-Closing Periods which are required to be filed by it and the Company Subsidiaries on or prior to the Closing Date and (ii) all federal, state and local income Tax Returns for the calendar year ended December 31, 2010, and shall pay or cause to be paid all Taxes shown due thereon. All such Tax Returns shall be prepared in a manner consistent with prior practice, procedures and accounting methods, except to the extent otherwise required by Applicable Laws. The

Company shall provide Parent with copies of such completed Tax Returns at least twenty (20) days prior to the due date for filing thereof, along with supporting workpapers, for Parent's review and approval (such approval not to be unreasonably withheld or delayed). The Company and Parent shall attempt in good faith to resolve any disagreements regarding such Tax Returns prior to the due date for filing. In the event that the Company and Parent are unable to resolve any dispute with respect to such Tax Return at least ten (10) days prior to the due date for filing, such dispute shall be resolved pursuant to Section 9.6, which resolution shall be binding on the parties.

(b) Parent shall timely file or cause to be filed all Tax Returns for Pre-Closing Periods and Straddle Returns required to be filed by the Company and the Company Subsidiaries after the Closing Date (other than all federal, state and local income Tax Returns for the calendar year ended December 31, 2010 which are required to be filed pursuant to Section 9.2(a)) and, subject to the rights to payment under this Section 9.2(b), pay or cause to be paid all Taxes shown due thereon. Parent shall provide Stockholder Representative with copies of any such completed Tax Returns for Pre-Closing Periods and Straddle Returns with respect to which Stockholders may have any liability pursuant to Section 11.2(a)(vii) at least twenty (20) days prior to the due date for filing thereof, along with supporting workpapers, for review and approval by Stockholder Representative (such approval not to be unreasonably withheld or delayed). Stockholder Representative and Parent shall attempt in good faith to resolve any disagreements regarding such Tax Returns for Pre-Closing Periods and Straddle Returns prior to the due date for filing. In the event that Stockholder Representative and Parent are unable to resolve any dispute with respect to any such Tax Return for a Pre-Closing Period or Straddle Return at least ten (10) days prior to the due date for filing, such dispute shall be resolved pursuant to Section 9.6, which resolution shall be binding on the parties. Not later than ten (10) days prior to the due date for the payment of Taxes on any such Tax Return for a Pre-Closing Period or Straddle Return, payment shall be made by Stockholder Representative to Parent of the amount of Taxes, owed pursuant to the provisions of Section 11.2(a)(vii). No payment pursuant to this Section 9.2(b) shall excuse the Stockholders from their indemnification obligations pursuant to Section 11.2(a)(vii) if the amount of Taxes as ultimately determined (on audit or otherwise) for the periods covered by such Tax Returns for Pre-Closing-Periods or Straddle Returns exceeds the amount of the payment under this Section 9.2(b).

9.3 Tax Refunds. Stockholders shall be entitled to all Tax refunds of the Company and the Company Subsidiaries for any Pre-Closing Period or attributable to the portion of any Straddle Period ending on the Closing Date except for Tax refunds that are reflected as an asset in the determination of the Closing Value or are attributable to carrybacks of net operating losses from Tax periods beginning after the Closing Date. Parent shall be entitled to all other Tax refunds of the Company and the Company Subsidiaries. If Parent, the Company or any Company Subsidiary on the one hand, or the Stockholders on the other hand, receives any Tax refund to which the other party is entitled pursuant to this Section 9.3, the recipient of such Tax refund will promptly pay the amount of such Tax refund to the other party net of the reasonable out-of-pocket costs to such recipient with respect to such Tax refund; provided, however, that with respect to any tax refund to which Stockholders are entitled pursuant to this Section 9.3 and for which Parent, the Company or a Subsidiary must file a Tax Return to claim such Tax refund, Stockholder Representative shall (i) at the Stockholders' expense, cause such Tax Return to be prepared (with the reasonable cooperation of Parent, the Company and the Company

Subsidiaries), and (ii) provide such Tax Return to Parent for review and approval, which approval may not be unreasonably withheld or delayed. Any such Tax Return shall be prepared in a manner consistent with past practice and shall be complete and correct in all material respects. If Stockholder Representative has complied with the terms of the immediately preceding proviso, Parent shall cause such Tax Return to be filed and any resulting refund shall be paid to Stockholder Representative. In the event that any such Tax refund is subsequently disallowed in whole or part by any Tax Authority, Stockholder Representative shall cause such refund to be promptly returned to Parent.

9.4 Contests.

(a) Each of Parent and Stockholders shall promptly notify the other party in writing upon receipt by Parent or Stockholders, any of their Affiliates, or any of the Company or any Company Subsidiary, as the case may be, of notice of any pending or threatened federal, state, local or foreign Tax audits, examinations or assessments ("Tax Contest") of or relating to Parent, the Company or any Company Subsidiary which, if determined adversely to the taxpayer, would be grounds for indemnification under Section 11.2(a)(vii); provided, however, that a failure to give such notice will not affect the rights of a party to indemnification under this Agreement except to the extent, if any, that such failure materially prejudices the other party.

(b) Parent shall have the right to control any Tax Contest, provided, however, Stockholders shall be entitled to participate at its expense in any Tax Contest relating (in whole or in part) to Taxes which, if determined adversely to the taxpayer, would be grounds for indemnification under Section 11.2(a)(vii) and, with the written consent of Parent (such consent not to be unreasonably withheld or delayed), and at Stockholders' sole expense, may assume the entire control of such Tax Contest; provided, further, that the party controlling such Tax Contest may not settle such Tax Contest if such settlement results in liability to the other party without the consent of the other party which consent shall not be unreasonably withheld or delayed.

9.5 Transfer Taxes. Stockholders and Parent shall each pay for fifty percent (50%) of all transfer, documentary, sales, use, registration, value-added and other similar Taxes (including all applicable real estate transfer Taxes and real property transfer gains Taxes and including any filing and recording fees) and related amounts (including any penalties, interest and additions to Tax) incurred in connection with this Agreement and the Merger ("Transfer Taxes"), and shall timely file any necessary Tax Returns with respect thereto. Each party shall use commercially reasonable efforts to avail itself of any available exemptions from any such Transfer Taxes, and to cooperate with the other parties in providing any information and documentation that may be necessary to obtain such exemptions.

9.6 Disputes. Any dispute as to any matter described in this Section 9 shall be resolved by an independent accounting firm mutually acceptable to Parent and Stockholder Representative. The fees and expenses of such accounting firm shall be borne equally by Parent and Stockholder Representative. If any dispute with respect to a Tax Return is not resolved prior to the due date of such Tax Return, such Tax Return shall be filed in the manner which the party responsible for preparing such Tax Return deems correct.

9.7 Time Limits. Notwithstanding any provision in this Agreement to the contrary, the obligations of the parties set forth in this Section 9 and in Section 11.2(a)(vii) (as limited in Section 11.2(b)) shall be unconditional and absolute and shall remain in effect until thirty (30) days after the expiration of the applicable statute of limitations with respect to the relevant taxable period (including all periods of extension, whether automatic or permissive).

9.8 Tax Sharing or Arrangements and Powers of Attorney. Any and all existing Tax sharing, allocation, compensation or like agreements or arrangements, whether or not written, for any of the Company and the Company Subsidiaries shall be terminated on or prior to the Closing Date. Any and all powers of attorney relating to Tax matters concerning the Company or any Company Subsidiary shall be terminated as to such entity on or prior to the Closing Date and shall have no further force or effect.

9.9 Cooperation and Exchange of Information. Parent and Stockholders agree, and the Stockholder Parties agree to use their commercially reasonable efforts to cause each Stockholder, to provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax Return, amended Tax Return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes, participating in or conducting any audit or other proceeding in respect of Taxes of any of the Company and the Company Subsidiaries. Such cooperation and information shall include providing copies of relevant Tax Returns or relevant portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by any Taxing Authority. Stockholders, the Company and the Company Subsidiaries shall make their employees available on a basis mutually convenient to both parties to provide explanations of any documents or information provided hereunder. Each of the Stockholders, Parent, the Company and the Company Subsidiaries shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company and the Company Subsidiaries for each Pre-Closing Period and Straddle Period until the later of (a) the expirations of the statutes of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions (except to the extent that the other party has been notified in writing of such extensions for the respective Tax periods) or (b) seven (7) years following the due date (without extension) for such Tax Returns. Any information obtained under this Section 9.9 shall be kept confidential except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in connection with any Tax Contest.

Section 10 CONDITIONS TO CLOSING

10.1 Mutual Conditions. The respective obligations of the parties hereto to enter into and complete the Closing is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by the parties, to the extent permitted by Applicable Law.

(a) Litigation. On the Closing Date, there shall not be any judgment, order, decree, stipulation, injunction or charge from any Governmental Authority in effect preventing

consummation of any of the Transactions, and there shall be no litigation, proceeding or investigation pending or threatened that seeks to prevent the Merger.

(b) *Hart-Scott Rodino Approval.* All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or otherwise been terminated and the parties shall have received all other approvals that are required under the Antitrust Laws to be issued prior to or in connection with the consummation of the Transactions.

(c) *Regulatory Approvals.* All material notices and filings shall have been submitted, and all approvals, consents, orders and waivers or expirations of waiting periods shall have been obtained or occurred, as applicable, in connection with the California Regulatory Approval, the State Insurance Filings, the Competition Filings and CMS such that: (a) the Merger would not be rendered illegal under Applicable Laws and (b) the change of control of the Subsidiaries resulting from the Merger shall have been approved or deemed approved by the applicable Governmental Authorities to the extent required by Applicable Law.

Notwithstanding the failure of any one or more of the foregoing conditions in this Section 10.1, the parties may proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver.

10.2 Conditions to the Obligation of the Company and the Stockholder Parties. The obligation of the Company and the Stockholder Parties to enter into and complete the Closing is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by the Stockholder Representative, to the extent permitted by Applicable Law.

(a) *Representations and Warranties.* Parent's and Merger Sub's Specified Representations shall be true and correct in all respects and all other representations and warranties of Parent and Merger Sub contained herein shall be true and correct in all material respects (ignoring for such purposes any and all "materiality," "Material Adverse Effect," "Material Adverse Change" or "Knowledge" standards or qualifications in such representations and warranties): (i) on the date hereof and (ii) on and as of the Closing Date as though made at and as of that date (other than representations and warranties that recite that they are only made as of an earlier date, in which case they shall be true and correct in all material respects as of such earlier date).

(b) *Compliance with Covenants.* Parent and Merger Sub each shall in all material respects have performed and complied with all terms, agreements, covenants and conditions of this Agreement to be performed or complied with by them on or prior to the Closing Date.

(c) *Good Standing.* Parent shall have delivered to the Company certificates of officers and public officials as shall be reasonably requested by the Company to establish the existence and good standing of Parent and Merger Sub in the State of Delaware.

(d) *Delivery by Parent and Merger Sub.* Parent and Merger Sub shall have delivered to the Stockholder Representative at Closing all of the items specified to be delivered by them in 3.2(b).

Notwithstanding the failure of any one or more of the foregoing conditions in this Section 10.2, the Company and the Stockholder Parties may proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver. To the extent that, at the Closing, Parent delivers to the Stockholder Representative a written notice specifying in reasonable detail the failure of any such condition, and the Company and the Stockholder Parties nevertheless proceed with the Closing, then the Company and the Stockholder Parties shall not be deemed to have waived any rights or remedies they may have against Parent or Merger Sub (including rights under Section 12) by reason of the failure of such conditions to the extent described in such notice.

10.3 Conditions to the Obligations of Parent and Merger Sub. The obligation of Parent and Merger Sub to enter into and complete the Closing is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by Parent, to the extent permitted by Applicable Law.

(a) *Representations and Warranties.* The Company's and the Stockholder Parties' representations in Section 5.1 (Organization and Good Standing), Section 5.2 (Authority and Enforceability), clauses (i), (ii)(A) and (ii)(B) of Section 5.3(a) (Not Ultra Vires; No Violation of Certain Laws and Agreements), Section 5.4 (Capitalization; Corporate Records) and Section 5.24 (Brokerage) shall be true and correct in all respects and all other representations and warranties of the Company and the Stockholder Parties contained herein shall be true and correct in all material respects (ignoring for such purposes any and all "materiality," "Material Adverse Effect," "Material Adverse Change" or "Knowledge" standards or qualifications in such representations and warranties): (i) on the date hereof and (ii) on and as of the Closing Date as though made at and as of that date (other than representations and warranties that recite that they are only made as of an earlier date, in which case they shall be true and correct in all material respects as of such earlier date).

(b) *Compliance with Covenants.* The Company and the Stockholder Parties shall in all material respects have performed and complied with all terms, agreements, covenants and conditions of this Agreement to be performed or complied with by then on or prior to the Closing Date.

(c) *Dissenters' Rights.* The terms of this Agreement shall have been approved by the requisite number of Stockholders in accordance with the Company's Certificate of Incorporation and the DGCL, and the period for exercising dissenters' rights in accordance with Section 262 of the DGCL shall have passed or been validly waived and during such period no more than nine and nine-tenths percent (9.9%) of the shares of Company Capital Stock (on an as-converted basis) shall have exercised such rights.

(d) *No Material Adverse Effect.* There shall not have been or occurred any event, change, occurrence or circumstance that, individually or in the aggregate with any such events, changes, occurrences or circumstances, has had or could reasonably be expected to have a Material Adverse Effect since the Company Interim Balance Sheet Date (regardless of whether or not such events or changes are inconsistent with the representations or warranties of the Company and the Stockholder Parties contained herein); it being understood that matters disclosed in the Disclosure Schedules, to the extent fully and accurately disclosed in the

Disclosure Schedules as of the date hereof (and excluding (i) any developments relating thereto following the date hereof and (ii) anything first disclosed following the date hereof), shall not constitute a Material Adverse Change.

(e) *Consents and Approvals.* Parent shall have received a true and correct copy of every consent, approval and waiver listed on Schedule 10.3(e).

(f) *Termination of Exclusive Agreements.* Each of the Contracts set forth on Schedule 5.10(d) shall have been either (i) terminated without continuing liability to the Company or the Company Subsidiaries or (ii) amended in a manner reasonably satisfactory to Parent so that the exclusivity provisions therein do not bind Parent or its Affiliates (other than the Company and the Company Subsidiaries).

(g) *Good Standing.* The Company shall have delivered to Parent certificates of officers and public officials as shall be reasonably requested by Parent to establish the existence and good standing of the Company and the Company Subsidiaries in the jurisdictions listed on Schedule 10.3(g).

(h) *Delivery by the Company and the Stockholder Parties.* The Company and the Stockholder Parties shall have delivered to Parent at Closing all of the items specified to be delivered by them in Section 3.2(a).

(i) *Estimated Closing Value Statement.* The Company shall have delivered to Parent the Estimated Closing Value Statement.

Notwithstanding the failure of any one or more of the foregoing conditions in this Section 10.3, Parent and Merger Sub may proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver. To the extent that, at the Closing, the Stockholder Representative delivers to Parent a written notice specifying in reasonable detail the failure of any such condition, and Parent and Merger Sub nevertheless proceed with the Closing, Parent and Merger Sub shall not be deemed to have waived any rights or remedies they may have against the Company or the Stockholder Parties (including rights under Section 12) by reason of the failure of such conditions to the extent described in such notice.

10.4 Frustration of Closing Conditions. None of the Stockholder Parties, the Company or Parent may rely on the failure of any condition set forth in this Section 10 to be satisfied if such failure was caused by such party's or its Affiliates' failure to act in good faith or to use its commercially reasonable efforts to cause the Closing to occur, as required by Sections 7.2 and 7.10.

Section 11 INDEMNIFICATION

11.1 Survival of Covenants, Representations and Warranties. No covenant or agreement contained herein to be performed prior to the Closing shall survive the Closing, and any covenant and agreement to be performed after the Closing shall survive the Closing indefinitely, except as otherwise provided herein. Each representation and warranty contained

herein shall survive the Closing until, and will expire and be of no force and effect on, the two (2) year anniversary of the Closing Date; provided, however, that: (a) each representation and warranty contained in Section 5.8 (Tax Matters) shall survive until thirty (30) days after the conclusion of the statutory period of limitations applicable to the underlying claim (after giving effect to any waiver, mitigation or extension thereof) and (b) each representation and warranty contained in Sections 5.2 (Authority and Enforceability), clauses (i), (ii)(A) and (ii)(B) of 5.3(a) (No Violation of Certain Laws and Agreements), 5.4 (Capitalization; Corporate Records), 5.24 (Brokerage), 6.2 (Authority and Enforceability) and 6.7 (Brokerage) shall survive indefinitely. No Indemnitee shall be entitled to make any claim in respect of any representation or warranty after the expiration of its applicable survival period (as expressly set forth in this Section), except that any bona fide claim initiated by an Indemnitee prior to the expiration of the applicable survival period shall survive until it is settled or resolved pursuant to this Agreement.

11.2 Stockholders' Obligation to Indemnify.

(a) From and after the Closing, the Stockholders shall, on a pro rata basis in accordance with their Pro Rata Share (except as otherwise provided in Section 11.2(f)), indemnify, defend and hold harmless Parent, the Company, each of the Company Subsidiaries, their respective Affiliates, directors, officers, employees, stockholders, their respective Representatives, in the case of Section 11.2(a)(viii) below, any current or former Company employees and their respective permitted assigns (the "Parent Indemnitees") from and against all Losses based upon, resulting from, attributable or arising out of:

(i) any breach of any warranty or the inaccuracy of any representation of the Company contained in this Agreement;

(ii) any breach by the Company, the Company Subsidiaries or any Stockholder Party of, or failure by the Company, the Company Subsidiaries or any Stockholder Party to perform, any of its covenants or obligations contained in this Agreement; provided, however, that with respect to the Company and the Company Subsidiaries, only covenants to be performed prior to the Closing shall be considered for purposes of this subsection (ii);

(iii) any Indebtedness or Transaction Expenses unpaid as of the Closing;

(iv) any payment or payments in respect of any Dissent Shares in excess of the consideration that otherwise would have been payable in respect of such shares in accordance with Section 2.2, together with reasonable fees, costs and expenses incurred in connection with investigating, defending against or settling any action or proceeding in respect of any Dissent Shares;

(v) any fees, commissions, or like payments by any Person having acted or claiming to have acted, directly or indirectly, as a broker, finder or financial advisor for the Stockholders or the Company in connection with the Transactions;

(vi) any Federal Reconciliation Adjustments which result in the actual or reasonably likely repayment to CMS by the Company or the Company Subsidiaries of

amounts which were (A) received by the Company or the Company Subsidiaries prior to the Closing Date, (B) accrued as a receivable in the calculation of the Closing Value as finally determined in accordance with this Section 11 or (C) under-reserved in the calculation of the Closing Value as finally determined in accordance with this Section 11;

(vii) any and all Taxes (A) of the Company and the Company Subsidiaries (x) for any Pre-Closing Period, and (y) for the portion of any Straddle Period ending at the closing of business on the Closing Date (determined as provided in Section 9.1); or (B) imposed on any of the Company or any Subsidiary because it is or was a member of an Affiliated Group on or prior to the Closing Date, pursuant to Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof) or any analogous or similar provision under state, local or foreign Laws; and

(viii) any and all (A) income, employment and other Tax amounts (including the employee-portion of any income and/or employment Taxes and Taxes under Section 409A of the IRC or otherwise) of the Company and of any current or former Company employees (which amounts, to the extent owed by any current or former employees shall be paid to such current or former employees by the indemnifying Stockholders) which were not paid with respect to prior Tax periods, and (B) additional amounts as are required to cover any additional Tax liability to the Company or its current or former employees resulting from the payments contemplated by the foregoing clause (A) and by this clause (B), in each case arising from (w) any failure by the Company to properly withhold and/or pay Federal or state income Taxes, employment Taxes or any similar amounts arising from any grant of stock options by the Company, (x) the matters disclosed on Schedule 5.18(k), (y) any breach of the representation in Section 5.8(v), and (z) any breach of the covenant in Section 7.15.

(b) Notwithstanding anything to the contrary in this Agreement:

(i) no Stockholder shall have any obligation for: (A) the breach of any warranty or the inaccuracy of any representation contained in Sections 5.2(b) and 5.4 as it relates to any other Stockholder; or (B) any breach by any other Stockholder of, or failure by any other Stockholder to perform, any of its covenants or obligations contained in this Agreement or any Ancillary Agreement;

(ii) except with respect to breaches of the Specified Representations or the representations and warranties in Section 5.8 (Tax Matters), the Stockholders shall not be required to make any indemnification payment pursuant to Section 11.2(a)(i) until such time as the total amount of all Losses that have been directly or indirectly suffered or incurred by any one or more the Parent Indemnitees under Section 11.2(a)(i) exceeds, in the aggregate, the Threshold. At such time as the total amount of such Losses exceeds the Threshold, the Parent Indemnitees shall be entitled to be indemnified against only the portion of such Losses exceeding the Threshold.

(iii) the aggregate amount required to be paid by the Stockholders pursuant to Section 11.2(a)(i) in respect of breaches of representations or warranties other

than Specified Representations or the representations and warranties in Section 5.8 (Tax Matters) shall not exceed the Cap;

(iv) the aggregate amount required to be paid by the Stockholders pursuant hereto shall not exceed the Base Purchase Price;

(v) the limitations in the immediately foregoing clauses (iii) and (iv) shall not apply to a breach of a representation or warranty that resulted from actual fraud or intentional misrepresentation;

(vi) other than with respect to breaches of a representations or warranties that resulted from actual fraud or intentional misrepresentation, breaches of the Specified Representations or the representations and warranties in Section 5.8 (Tax Matters) and the indemnities in Sections 11.2(a)(ii), (a)(iii), (a)(iv), (a)(v), (a)(vii) and (a)(viii) (the "Limited-Recourse Exceptions"), the Stockholders shall have no obligation to indemnify Parent Indemnitees for any matter related to, arising from or in connection with this Agreement in excess of the Escrow Fund; it being understood that once the Escrow Fund is depleted, then no Parent Indemnitee may make any claim or bring any Action against any Stockholder (or the Stockholder Representative) other than in respect of the Limited-Recourse Exceptions; provided, that no Stockholder shall have any liability under this Agreement on account of the Limited-Recourse Exceptions unless and until the Escrow Amount is depleted, in which case, such Stockholder shall only have an obligation to indemnify Parent Indemnitees for such Stockholder's Pro Rata Share of Losses arising from a Limited-Recourse Exception; and

(vii) no Stockholder shall have any obligation for indemnification under this Agreement for the amount of any Tax taken into account as a liability in the determination of Closing Value.

(c) For purposes of determining the failure of any representations or warranties to be true and correct, the breach of any covenants and agreements, and calculating Losses hereunder, any "materiality," "Material Adverse Effect" and "Material Adverse Change," qualifications in the representations and warranties shall be disregarded (other than (i) the "materiality" qualifiers in Sections 5.4(e), 5.6(c), 5.7(b), 5.7(e), 5.10(a)(x), 5.10(e), 5.13(a), 5.13(c), 5.17(e), 5.20, 5.25(a), 5.25(e), the second sentence of Section 5.11, clause (b) of Section 5.12(a) and clause (ii) of Section 5.13(b) and (ii) the "Material Adverse Effect" qualifier in Section 5.7(a)).

(d) The right to indemnification or any other remedy based on representations, warranties, covenants and agreements in this Agreement, or any Ancillary Agreement shall not be affected by any investigation conducted at any time, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of, or compliance with, any such representation, warranty, covenant or agreement. The waiver of any condition based on the accuracy of any such representation or warranty, or on the performance of or compliance with any such covenant or agreements, will not affect the right to indemnification or any other remedy based on such representations, warranties, covenants and agreements.

(e) The Stockholder Representative may, at his election and at the expense of the Stockholders, direct the Parent to cause the Company and the Company Subsidiaries to use commercially reasonable efforts to pursue any rights of review and appeal available with respect to any Federal Reconciliation Adjustments. Furthermore, in the event that the Stockholder Representative so directs Parent to cause the Company or the Company Subsidiaries to pursue a review or appeal of any Federal Reconciliation Adjustment decision, the Stockholder Representative will use its commercially reasonable efforts to cause any former officers, directors or employees of the Company and the Company Subsidiaries to fully cooperate, as may be reasonably requested by Parent, at the Stockholders' expense.

(f) To the extent that the Parent Indemnitees are entitled to indemnification pursuant hereto (subject to the applicable limitations hereunder) for any Losses relating to the Limited Recourse Exceptions and there are insufficient available Escrow Funds to indemnify the Parent Indemnitees for the full amount of the indemnifiable portion of such Losses (the portion of Limited Recourse Exceptions Losses which are otherwise indemnifiable hereunder (subject to any applicable limitations hereunder) in excess of available Escrow Funds the "Extraordinary Losses") the Stockholder Parties shall, on a pro rata basis in accordance with their Proportional Interest, indemnify, defend and hold harmless the Parent Indemnitees from and against such Extraordinary Losses.

11.3 Parent's Obligation to Indemnify.

(a) From and after the Closing, Parent, the Surviving Company and the Company Subsidiaries ("Parent Indemnitors"), jointly and severally, shall indemnify, defend and hold harmless the Stockholders, their respective Affiliates, directors, officers, employees, stockholders, permitted assigns and their respective Representatives (the "Stockholder Indemnitees") from and against all Losses based upon, resulting from, attributable or arising out of:

(i) any breach of any warranty or the inaccuracy of any representation of Parent or Merger Sub contained in this Agreement;

(ii) any breach by Parent, Merger Sub, the Company or the Company Subsidiaries of, or failure by Parent, Merger Sub, the Company and the Company Subsidiaries to perform, any of its covenants or obligations contained in this Agreement; provided, however, that with respect to the Company and the Company Subsidiaries, only covenants to be performed on or after the Closing shall be considered for purposes of this subsection (b); and

(iii) the actions of Parent, the Company and the Company Subsidiaries after the Closing.

(b) Notwithstanding anything to the contrary in this Agreement:

(i) except with respect to breaches of the Specified Representations, the Parent Indemnitors shall not be required to make any indemnification payment pursuant to Section 11.3(a)(i) until such time as the total amount of all Losses that have been directly or indirectly suffered or incurred by any one or more the Stockholder

Indemnitees under such Section exceeds the Threshold, at which time, the Stockholder Indemnitees shall be entitled to be indemnified against only the portion of such Losses exceeding the Threshold;

(ii) the aggregate amount required to be paid by the Parent Indemnitors pursuant to Section 11.3(a)(i) in respect of breaches of representations or warranties other than Specified Representations shall not exceed the Cap;

(iii) the aggregate amount required to be paid by the Parent Indemnitors pursuant to Section 11.3(a)(i) in respect of breaches of Specified Representations shall not exceed the Base Purchase Price;

(iv) the limitations in the immediately foregoing clauses (ii) and (iii) shall not apply to a breach of a representation or warranty that resulted from actual fraud or intentional misrepresentation; and

(v) except for breaches of representations or warranties that resulted from actual fraud or intentional misrepresentation, the Parent Indemnitors shall not have any obligation for indemnification under Section 11.3(a) in excess of the Base Purchase Price.

(c) For purposes of determining the failure of any representations or warranties to be true and correct, the breach of any covenants and agreements, and calculating Losses hereunder, any "materiality," "Material Adverse Effect" and "Material Adverse Change," qualifications in the representations and warranties shall be disregarded.

(d) The right to indemnification or any other remedy based on representations, warranties, covenants and agreements in this Agreement, or any Ancillary Agreement shall not be affected by any investigation conducted at any time, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of, or compliance with, any such representation, warranty, covenant or agreement. The waiver of any condition based on the accuracy of any such representation or warranty, or on the performance of or compliance with any such covenant or agreements, will not affect the right to indemnification or any other remedy based on such representations, warranties, covenants and agreements.

11.4 Defense of Claims.

(a) If a claim for Losses is to be made by a Person entitled to indemnification hereunder ("Indemnitee") against a Person required to provide indemnification hereunder ("Indemnitor"), the Indemnitee will give written notice (a "Claim Notice") to the Indemnitor as soon as practicable after the Indemnitee becomes aware of any fact, condition or event which may give rise to Losses for which indemnification may be sought under this Section 11. If any lawsuit or enforcement action is filed against any Indemnitee under this Agreement, written notice of such will be given to the Indemnitor as promptly as practicable (and in any event within fifteen (15) days after the service of the citation or summons). The failure of any Indemnitee to give timely notice under this Agreement will not affect its rights to indemnification under this Agreement, except to the extent of actual damage caused by such failure. After the giving of any

Claim Notice pursuant hereto, the amount of indemnification to which an Indemnitee shall be entitled under this Section 11 shall be determined: (i) by the written agreement between the Indemnitee and Indemnitor; (ii) by arbitration in accordance with this Agreement, or (iii) by any other means to which the Indemnitee and Indemnitor may agree. The Indemnitee shall have the burden of proof in establishing the amount of Losses suffered by it. All amounts due to the Indemnitee as so finally determined shall be paid by wire transfer within five (5) days after final determination of such Losses.

(b) In the event of the initiation of any claim, demand or legal proceeding against an Indemnitee by a third Person, the Indemnitor will be entitled, if it so elects, to take control of the defense and investigation of such claim, demand or legal proceeding; provided, that (i) the Indemnitor must conduct the defense of the claim actively and diligently thereafter in order to preserve its rights in this regard, (ii) no applicable limitation (including those specified in Sections 11.2(b) and 11.3(b)) would serve to limit the obligation of the Indemnitor to indemnify the Indemnitee for at least fifty percent (50%) of any Losses which would be reasonably anticipated to result from such claim were it successful, and (iii) the Indemnitor can be reasonably anticipated to have the financial wherewithal (including as a result of any monies in the Escrow Account) to indemnify the Indemnitee if the claim is successful (collectively, the "Defense Conditions"). If the Indemnitor so elects, to take control of the defense and investigation of such claim, demand or legal proceeding the Indemnitor will be entitled to (A) to employ and engage attorneys of its choice that are reasonably acceptable to the Indemnitee to handle and defend the same (unless the named parties to such action or proceeding include both the Indemnitee and the Indemnitor and the Indemnitee has been advised in writing by counsel that there may be one or more legal defenses available to such Indemnitee that are different from or additional to those available to the Indemnitor, in which event the Indemnitee will be entitled at the Indemnitor's cost, risk and expense, to separate counsel of its own choosing) and (B) to compromise or settle such claim, demand or legal proceeding pursuant to the terms hereof. In the event that the Indemnitor assumes the defense of the claim, demand or legal proceeding, the Indemnitee shall be allowed to participate in (but not control) such defense with counsel of its choice and at its expense. If the Indemnitor fails to assume the defense of such claim demand or legal proceeding within twenty (20) days after receipt of the Claim Notice or there is a failure of the Defense Conditions, the Indemnitee against whom such claim has been asserted will (upon delivering notice to such effect to the Indemnitor) have the right to undertake, at the Indemnitor's cost and expense, the defense of such claim, demand or legal proceeding. The party controlling the defense of such claim, demand or legal proceeding shall keep the other party advised of the status of such claim, demand or legal proceeding and shall consider in good faith the recommendations made by the non-controlling party. The party controlling such defense may not settle such claim, demand or legal proceeding without the written consent of the non-controlling party, which consent will not be unreasonably withheld, if the proposed settlement obligates the other party to pay money, to perform obligations or to admit liability; provided, however, that the consent of the Indemnitee shall not be required if the Indemnitor agrees in writing to pay any amounts payable to pursuant to such settlement and such settlement includes a complete written release of the Indemnitee from further liability in respect of such claim demand or legal proceeding and does not impose any injunctive relief or other operational restrictions on the Indemnitee.

(c) The preceding provisions of Sections 11.4(a) and 11.4(b) shall not apply to a Tax Contest. The provisions of Section 9.4 shall apply with respect to any Tax Contest and in the event of a conflict between the provisions of Section 9.4, on the one hand, and the provisions of Sections 11.4(a) and 11.4(b), on the other, the provisions of Section 9.4 shall control.

11.5 No Contribution. No Stockholder Party shall have any right to seek any indemnification or contribution from or remedy against the Company, the Company Subsidiaries or any of their respective or its directors, officers, employees, Affiliates, agents, attorneys, representatives, assigns or successors whether arising prior to, on or after the Closing Date in respect of any breach of any representation or warranty by the Company or the failure of the Company to comply with any covenant or agreement to be performed by the Company prior to the Closing and each Stockholder Party hereby waives any such claim it may have against the Company with respect thereto whether at law, in equity or otherwise, it being acknowledged and agreed that the covenants and agreements of the Company are solely for the benefit of the Parent Indemnitors.

11.6 Offset. Notwithstanding any other provision in this Agreement, Parent shall withhold and set off against the Escrow Amount that amount as to which the Stockholders are obligated to indemnify the Parent Indemnitees pursuant to this Section 11 to the extent of available funds therein until all such funds are exhausted, prior to any amounts being funded directly by the Stockholder Parties. Notwithstanding the foregoing, the exercise of such right of set-off will not constitute an election of remedies or limit Parent in any manner in the enforcement of any other remedies that may be available to it.

11.7 Adjusted Consideration. All payments for indemnification under this Section 11 shall be treated as adjustments to the amounts payable to the Stockholders hereunder.

11.8 Additional Limitations.

(a) The amount of Losses for which the Stockholders shall indemnify the Parent Indemnitees under this Agreement shall be reduced by any insurance proceeds (net of actual premium increases as a result of such insurance payout) actually received by the Parent Indemnitees in respect of such Losses. Parent agrees to use commercially reasonable efforts to collect such insurance benefits.

(b) The amount of Losses for which the Stockholders may be liable under this Agreement shall be the net amount of any indemnification, contribution or other similar payment actually recovered by any Parent Indemnitee from any third Person with respect thereto.

(c) If an indemnification payment is made pursuant to this Agreement (including to the extent that a Tax Contest, an amendment of a Tax Return or any adjustment to a Tax liability that may be required increases an amount of Tax for which an Indemnitor is liable pursuant to Section 11.2(a)(vii)), then the amount otherwise due or payable by the Indemnitor under this Agreement, shall be (A) reduced by an amount equal to the net present value of the Tax benefits attributable to the item for which an indemnification payment is required, or which are otherwise associated with the indemnification payment, are realized or reasonably expected

to be realized by the Indemnitee under this Agreement, calculated using a discount rate equal to the applicable federal rate (as determined based on the period of time within which the Tax benefits are reasonably expected to be realized) for the month in which the indemnification payment is made by the Indemnitor, and (B) increased to take into account any net Tax cost incurred by the Indemnitee, as a result of the receipt or accrual of payments under this Agreement (grossed up for such increase), in each case determined by treating the Indemnitee as realizing or utilizing all such Tax benefits in the first taxable period that such Tax benefits may be realized or utilized under Applicable Law and as if it paid Tax at the highest marginal rate reasonably expected to be applicable.

(d) No Stockholder shall have liability under any provisions of this Agreement for any Losses to the extent that such Losses relate to actions taken or omitted to be taken by Parent, the Company or the Company Subsidiaries or any of their respective Affiliates after the Closing Date,

(e) No party shall have any liability relating to or arising from any provision of this Agreement for any consequential, punitive, special, incidental and indirect damages, and special or indirect losses, including, without limitation, business interruption, loss of future revenue, profits or income, diminution in value, or loss of business reputation or opportunity, except, in each case, to indemnify an Indemnitee therefor (if such amount is otherwise indemnifiable hereunder) to the extent that such Indemnitee is required to pay such amounts to any third Person that is not a party to this Agreement or an Affiliate thereof.

(f) No Stockholder shall have any liability for any Loss to the extent that an allowance, provision or reserve covering such Loss is included in the Closing Value.

11.9 Tax Treatment of Indemnity Payments. Parent and Stockholder Representative agree to treat all payments made by either of them to or for the benefit of the other or of the Stockholders (including any payments to the Company and the Company Subsidiaries) under Section 9 or under the indemnity provisions of this Agreement (including this Section 11), and for any misrepresentation or breach of warranties or covenants as adjustments to the Total Merger Consideration or as capital contributions for Tax purposes and agree that such treatment shall govern for purposes hereof except as provided by Law.

11.10 Mitigation. Each of the parties agrees to take all commercially reasonable steps to mitigate their respective Losses upon and after becoming aware of any event or condition which could reasonably be expected to give rise to any Losses that are indemnifiable hereunder.

11.11 Subrogation. Upon making any payment to the Indemnitee for any indemnification claim pursuant to this Agreement, the Indemnitor shall be subrogated, to the extent of such payment, to any rights which the Indemnitee may have against any third parties with respect to the subject matter underlying such indemnification claim and the Indemnitee shall assign any such rights to the Indemnitor.

11.12 Exclusive Remedy. The indemnification given by the parties under this Section 11 shall be the parties' sole and exclusive remedy, each against the other, with respect to all

matters of any kind or nature whatsoever arising out of, in connection with or relating to this Agreement and the Transactions, except for injunctive relief or specific performance.

Section 12
TERMINATION OF AGREEMENT

12.1 Termination. This Agreement may be terminated prior to the Closing as follows:

(a) At the election of the Company, if any one or more of the conditions to its obligation to close has not been fulfilled by the one hundred fiftieth (150th) day after the date hereof;

(b) At the election of Parent, if any one or more of the conditions to its obligation to close has not been fulfilled the one hundred fiftieth (150th) day after the date hereof;

(c) At the election of either Parent or the Company if one or more of the conditions to the obligation to close set forth in Section 10.1 has not been fulfilled by the one hundred fiftieth (150th) day after the date hereof; provided, however, that such date may be extended by Parent to the two hundredth (200th) day after the date hereof if: (i) all conditions to Closing have been satisfied (other than those that must be satisfied at Closing and which can be satisfied at Closing) except only that expirations of the waiting period or clearances or approvals required to be obtained by Sections 10.1(b) have not been obtained, and (ii) Parent believes that all such expirations of the waiting period and clearances and approvals can be obtained by such two hundredth (200th) day after the date hereof.

(d) At the election of the Company, if Parent or Merger Sub have breached any representation, warranty, covenant or agreement contained herein which otherwise makes a condition precedent to the Company's obligations to consummate the Transactions not capable of being satisfied; provided, however, that Company may not terminate the Agreement if it has not provided Parent and Merger Sub notice of such breach and provided them an adequate opportunity to cure such breach (where cure is possible);

(e) At the election of Parent, if the Company or any Stockholder Party have breached any representation, warranty, covenant or agreement contained herein which otherwise makes a condition precedent to Parent's obligations to consummate the Transactions not capable of being satisfied; provided, however, that Parent may not terminate the Agreement if it has not provided the Company and the Stockholder Representative notice of such breach and provided them an adequate opportunity to cure such breach (where cure is possible);

(f) At the election of either Parent or the Company if the Closing has not occurred by March 31, 2012; or

(g) At any time on or prior to the Closing Date, by mutual written consent of the Company and Parent.

If Parent or the Company, as the case may be, elects to terminate this Agreement pursuant to Section 12.1(a)-(g) hereof, the terminating party shall deliver a written notice to the other Party

hereto declaring its election to so terminate this Agreement in accordance with the provisions of Section 12.1(a)-(g), as the case may be, and setting forth therein the basis for such termination.

12.2 Survival. If this Agreement is terminated, this Agreement shall become void and of no further force and effect, except for the provisions of this Section 12.2 and Section 7.8 and Section 13. None of the parties hereto shall have any liability in respect to a termination of this Agreement pursuant to Section 12.1, except to the extent that failure to satisfy the conditions of Sections 10.1, 10.2 or 10.3, as applicable, results from the intentional or willful breach or violation of the representations, warranties, covenants or agreements of such party under this Agreement.

Section 13 MISCELLANEOUS

13.1 Stockholder Representative.

(a) The Stockholder Parties hereby designate Roger Taylor and Melissa Daniels as the joint representative (together, the "Stockholder Representative") of the Stockholders, to serve as the sole and exclusive representative of the Stockholders, with respect to the matters set forth in this Agreement. Actions by the Stockholder Representative must be approved by both Roger Taylor and Melissa Daniels. The Stockholder Representative has accepted such designation as of the date hereof. Notwithstanding anything to the contrary contained in this Agreement, the Stockholder Representative shall have no duties or responsibilities except those expressly set forth herein, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on behalf of any Stockholder shall otherwise exist against the Stockholder Representative.

(b) Each of the Stockholder Parties hereby irrevocably appoints the Stockholder Representative as the exclusive agent, proxy and attorney-in-fact for such Stockholder for all purposes specified in this Agreement, including full power and authority on such Stockholder Party's behalf: (i) to take all actions which the Stockholder Representative considers necessary or desirable in connection with the defense, pursuit or settlement of any determinations relating to any claims for indemnification hereunder, including determinations to sue, defend, negotiate, settle and compromise any such claims for indemnification made by or against, and other disputes with, Parent pursuant to this Agreement or any of the agreements or transactions contemplated hereby, (ii) to engage and employ agents and Representatives and to incur such other expenses as such Stockholder Representative shall deem necessary or prudent in connection with the administration of the foregoing, (iii) to accept and receive notices to the Stockholders pursuant to this Agreement, and (iv) to take all other actions and exercise all other rights which the Stockholder Representative considers necessary or appropriate in connection with this Agreement. Each of the Stockholders acknowledges and agrees that such agency and proxy are coupled with an interest, and are, therefore, irrevocable without the consent of the Stockholder Representative and shall survive the death, incapacity, bankruptcy, dissolution or liquidation of any Stockholder. All decisions and acts by the Stockholder Representative shall be binding upon all of the Stockholders, and no Stockholder Party shall have the right to object, dissent, protest or otherwise contest the same.

(c) In the event that either of the individuals authorized hereunder as the Stockholder Representative dies, becomes incapacitated, resigns or otherwise fails to act on behalf of the Stockholders for any reason, then such person's replacement shall be elected by action of Stockholder Parties who held immediately prior to the Effective Time no less than fifty-one percent (51%) of the issued and outstanding shares of Common Stock held by all such Stockholder Parties, with shares of Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock treated for this purpose as if they had been converted into shares of Common Stock at the then-applicable conversion rate in accordance with the Certificate of Incorporation of the Company.

(d) The Stockholder Representative is authorized to act on behalf of the Stockholders notwithstanding any dispute or disagreement among the Stockholders, and Parent shall be entitled to rely on any and all action taken by the Stockholder Representative without any liability to, or obligation to inquire of, any Stockholder. Parent is expressly authorized to rely on the genuineness of the signature of the Stockholder Representative and, upon receipt of any writing which reasonably appears to have been signed by the Stockholder Representative, Parent may act in good faith upon the same without any further duty of inquiry as to the genuineness of the writing.

(e) The Stockholder Representative shall promptly deliver to a Stockholder any notice received by the Stockholder Representative on behalf of such Stockholder.

(f) Neither the Stockholder Representative nor any agent employed by the Stockholder Representative shall be liable to any Stockholder relating to the performance of such Stockholder Representative's duties under this Agreement for any errors in judgment, negligence, oversight, breach of duty or otherwise except to the extent it is finally determined in a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by the Stockholder Representative constituted fraud or were taken or not taken in bad faith. The Stockholder Representative shall be indemnified and held harmless by the Stockholders against all Losses paid or incurred in connection with any action, suit, proceeding or claim to which the Stockholder Representative is made a party by reason of the fact that the Stockholder Representative was acting as the Stockholder Representative pursuant to this Agreement; provided, however, that the Stockholder Representative shall not be entitled to indemnification hereunder to the extent it is finally determined in a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by the Stockholder Representative constituted actual fraud or were taken or not taken in bad faith. The Stockholder Representative shall be protected in acting upon any notice, statement or certificate believed by the Stockholder Representative to be genuine and to have been furnished by the appropriate person and in acting or refusing to act in good faith or any matter.

13.2 Notices. All notices, requests, demands and other communications required or permitted to be given hereunder or under any Ancillary Agreement shall be in writing and shall be deemed to have been duly given: (i) upon receipt, if delivered personally or via courier, (ii) upon confirmation of receipt, if given by electronic facsimile, (iii) the business day after it is sent, if sent for next day delivery to a domestic address by a recognized overnight delivery service, and (iv) on the third business day following mailing, if mailed first-class, postage prepaid, registered or certified mail as follows:

(a) If to Parent, Merger Sub, the Surviving Company or the Company Subsidiaries (following the Closing), to:

Humana Inc.
500 West Main Street
Louisville, KY 40202
Attention: Law Dept.
Facsimile: (502) 580-2799

with a copy (which shall not constitute notice) to:

Locke Lord Bissell & Liddell, LLP
111 South Wacker Drive
Chicago, IL 60606
Attention: Jon Biasetti
Dovi Adlerstein
Facsimile: (312) 443-0336

(b) If to the Stockholder Parties: (i) prior to the Closing, to the attention of the Stockholder Party in care of the Company, and (ii) following the Closing, to the attention of the Stockholder Party in care of the Stockholder Representative.

(c) If to the Company prior to the Closing:

Arcadian Management Services
500 12th Street, Suite 340
Oakland, CA 94607
Attention: James Novello, Esq.
Facsimile: (510) 817-1894

with a copy (which shall not constitute notice) to:

Sheppard, Mullin, Richter & Hampton, LLP
333 South Hope Street, 43rd Floor
Los Angeles, California 90071
Attention: Lawrence M. Braun, Esq.
Facsimile: (213) 443-2814

(d) After the Closing, if to the Stockholder Representative:

Melissa Daniels
c/o Debra Abramovitz, Executive Director
Morgan Stanley Venture Partners
1585 Broadway, 39th Floor
New York, NY 10036
Facsimile: (212) 507-3971

Any party may by notice given in accordance with this Section 13.2 to the other parties designate another address or person for receipt of notices hereunder.

13.3 Entire Agreement. This Agreement (including the schedules and exhibits hereto) contains the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior agreements, representation and warranties, written or oral, with respect thereto.

13.4 Waivers and Amendments. This Agreement and each Ancillary Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof or thereof may be waived, only by a written instrument signed by Parent and the Stockholder Representative, or, in the case of a waiver, by the party waiving compliance. The failure of a party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement or any Ancillary Agreement shall not be construed as a waiver or relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition. No waiver on the part of any party of any right, power or privilege, nor any single or partial exercise of any such right, power or privilege, shall preclude any further exercise thereof or the exercise of any other such right, power or privilege.

13.5 Expenses. Except as otherwise expressly set forth herein, each party hereto shall bear all expenses incurred on behalf of such party in connection with the preparation, execution and performance of this Agreement, the Ancillary Agreements and the Transactions; provided, however, that the Stockholder Parties shall bear all expenses of the Company and the Company Subsidiaries to the extent not discharged at or prior to Closing.

13.6 Further Assurances. Each party hereto shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the Transactions.

13.7 Governing Law. This Agreement and each Ancillary Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such state.

13.8 Arbitration. Except for any controversy or dispute with respect to Taxes which shall be resolved pursuant to the provisions of Section 9.6, any controversy or dispute arising out of or relating to this Agreement or any Ancillary Agreement, the interpretation of any provision hereof or thereof, or the action or inaction of any Party hereunder or thereunder shall be submitted to JAMS, Inc. for arbitration in Los Angeles, California, under the commercial arbitration rules then in force for that organization. The arbitration shall be conducted by a single arbitrator (the "JAMS Arbitrator") chosen pursuant to the procedures of JAMS, Inc. The JAMS Arbitrator shall issue a written opinion with reasons setting forth his or her decision which shall be based on the substantive laws of the State of Delaware. Any award or decision issued in any such arbitration proceeding shall be final and binding on the parties, and judgment upon any award thus obtained may be entered in any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Agreement or any Ancillary Agreement shall be instituted in any court by any party hereto except: (a) an action to compel arbitration pursuant to this Section 13.8, or (b) an action to enforce an award obtained in an

arbitration proceeding in accordance with this Section 13.8. Notwithstanding the foregoing, a Party may apply to a court for injunctive or other provisional relief pending final determination by the JAMS Arbitrator. Venue and jurisdiction under this Section 13.8 shall be exclusively in any federal court located within Los Angeles, California. Each Party hereby irrevocably consents and submits to the exclusive personal jurisdiction of and venue in such courts, and agrees to accept service of process with respect thereto. The costs of the arbitration shall be borne in proportion to relative fault as determined by the JAMS Arbitrator.

13.9 Reference to U.S. Dollars. All references in this Agreement and in any Ancillary Agreement to amounts of money expressed in dollars are references to United States dollars, unless otherwise indicated.

13.10 Binding Effect; Assignment. This Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and permitted assigns. Neither this Agreement or any Ancillary Agreement, nor any of the rights hereunder or thereunder, may be assigned by any party, nor may any party delegate any obligations hereunder or thereunder, without the prior written consent of the other parties hereto or thereto; provided, however, that Parent shall be entitled, without the consent of Stockholder Representative, to assign this Agreement to any party into which Parent merges or consolidates or which purchases substantially all of Parent's assets. Any non-permitted assignment or attempted assignment shall be void.

13.11 No Third Party Beneficiaries. Nothing herein is intended or shall be construed to give any person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein, except as otherwise provided herein.

13.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be a original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. Delivery of an executed counterpart of the signature page to this Agreement by facsimile or email with scan attachment shall be as effective as delivery of a manually executed counterpart of this Agreement.

13.13 Schedules and Exhibits. The schedules and exhibits attached to this Agreement or to any Ancillary Agreement are a part hereof or thereof, as applicable, as if fully set forth herein or therein.

13.14 Headings; Gender and Person. The headings herein or in any Ancillary Agreement are for reference only and shall not affect the interpretation of this Agreement or such Ancillary Agreement. Whenever the context requires in this Agreement or any Ancillary Agreement, the masculine pronoun shall include the feminine and the neuter, and the singular shall include the plural.

13.15 Severability. Whenever possible, each provision of this Agreement and any Ancillary Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement or any Ancillary Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the

extent of such prohibition or invalidity in such jurisdiction without invalidating the remainder of such provision or the remaining provisions of this Agreement or such Ancillary Agreement.

13.16 Conflict of Interest. If the Stockholders or the Stockholder Representative so desire, and without the need for any consent or waiver by the Company, the Company Subsidiaries or Parent, SMRH shall be permitted to represent the Stockholders or the Stockholder Representative after the Closing in connection with any matter, including, without limitation, anything related to the Transactions or any disagreement or dispute relating thereto. Without limiting the generality of the foregoing, after the Closing, SMRH shall be permitted to represent the Stockholders or the Stockholder Representative, any of their agents and affiliates, or any one or more of them, in connection with any negotiation, transaction or dispute ("dispute" includes litigation, arbitration or other adversary proceeding) with Parent, the Company, the Company Subsidiaries or any of their agents or affiliates under or relating to this Agreement, any transaction contemplated by this Agreement, and any related matter, such as claims for indemnification and disputes involving agreements entered into in connection herewith. Upon and after the Closing, the Company and the Company Subsidiaries shall continue to have any attorney-client relationship with SMRH without the need for any consent or waiver by the Company, the Company Subsidiaries, Parent or the Stockholders, unless and to the extent such engagement involves a conflict of interest with respect to the Stockholders or the Stockholder Representative. Any such representation of the Company or the Company Subsidiaries by SMRH after the Closing shall not affect the foregoing provisions hereof. For example, and not by way of limitation, even if SMRH is representing the Company or the Company Subsidiaries after the Closing, SMRH shall be permitted simultaneously to represent the Stockholders or the Stockholder Representative in any matter, including any disagreement or dispute relating hereto. Furthermore, SMRH shall be permitted to withdraw from any representation of the Company or the Company Subsidiaries in order to be able to represent or continue so representing the Stockholders or the Stockholder Representative even if such withdrawal causes the Company, the Company Subsidiaries or Parent additional legal expense (such as to bring new counsel "up to speed"), delay or other prejudice.

13.17 Attorney-Client Privilege. At Closing, the Company and the Company Subsidiaries hereby assign all of its right, title and interest in and to: (a) attorney-client communications with SMRH, (b) the files of SMRH related to its engagement by the Company and the Company Subsidiaries with SMRH and (c) the files of the Company and the Company Subsidiaries only to the extent that they reflect communications from or to SMRH (i) related to this Agreement, the negotiations with Parent or its Affiliates or (ii) to the Stockholders. Accordingly, all communications between each of the Company, the Company Subsidiaries and any of their respective directors, officers or employees (in their capacity as such) and SMRH in the course of their engagement shall be deemed to be attorney-client confidences that belong solely to the Stockholders and not such entities. Parent and Merger Sub shall have no access to any such communications, or to the files of SMRH relating to such engagement, whether or not the Closing shall have occurred.

13.18 Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement or any Ancillary Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions hereof or thereof, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other

costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

13.19 Specific Performance. Notwithstanding anything in this Agreement to the contrary, the parties agree that that a breach of this Agreement would cause irreparable damage to the other parties, for which such parties will not have an adequate remedy at law. Therefore, the obligations of the Company, the Stockholder Parties, Parent and Merger Sub under this Agreement, including the obligation to consummate the Merger, shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies which any party may have under this Agreement or otherwise, this being in addition to any other remedy to which the parties is entitled at law or in equity.

13.20 Mutual Drafting. The parties hereto are sophisticated and have been represented by lawyers throughout the transactions contemplated hereto who have carefully negotiated the provisions hereof. As a consequence, the parties do not intend that the presumptions set forth in laws or rules relating to the interpretation of contracts against the drafter of any particular clause should be applied to this Agreement or any Ancillary Agreement and, therefore, waive their effects.

13.21 Rules of Construction. Unless otherwise indicated, any reference in this Agreement to any Article, Section, clause or Schedule shall be to the Articles, Sections and clauses of, and Schedules to, this Agreement. The words "include," "includes" and "including" are deemed to be followed by the phrase "without limitation." Any reference to the masculine, feminine or neuter gender shall include each other gender and any reference to the singular or plural shall include the other, in each case unless the context otherwise requires. All Schedules annexed hereto or referred to herein are incorporated in and made a part of this Agreement as if set forth in full herein.

Section 14 DEFINITIONS

14.1 Defined Terms. As used herein, the terms below shall have the following meanings. Any of such terms, unless the context otherwise requires, may be used in the singular or plural, depending upon the reference.

"401(k) Plan" is defined in Section 7.14.

"Accounts Payable" is defined in Section 5.22(b).

"Accounts Receivable" is defined in Section 5.22(a).

"Action" means any action, suit, proceeding or investigation.

"Affiliate" has the meaning set forth in the Securities Exchange Act of 1934, as amended.

"Affiliated Group" means any affiliated group within the meaning of IRC §1504, any group of corporations filing a combined report for purposes of California corporate franchise or corporate income tax, and any other combined, unitary, consolidated or other group of which any of the Company or the Company Subsidiaries is or has been a member of, or included in, for federal, state, local or foreign Tax purposes.

"Agreement" is defined in the Preamble.

"Ancillary Agreements" means the Certificate of Merger, the Escrow Agreement and the Stockholder Consent.

"Antitrust Laws" means all Applicable Laws (including the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended) that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

"Applicable Law" means, with respect to any Person, any domestic or foreign, federal, state or local statute, law (including common law), ordinance, rule, administrative interpretation and guidance (including administrative manuals, bulletins, requirements, policies, standards, instructions, guidelines and other sub-regulatory guidance) of a Government Authority, regulation, order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Authority applicable to such Person, including any Health Care Laws.

"Arbitrator" is defined in Section 2.4.

"Base Purchase Price" is defined in Section 2.1(a).

"Benefit Plan" means any plan, agreement or arrangement (whether provided by insurance, self-funding or otherwise) that is an employment, consulting or deferred compensation agreement; or an executive compensation, incentive, bonus, employee pension, profit-sharing, savings, retirement, stock option, stock purchase, or severance pay plan; or a life, health, post-retirement benefit, worker's compensation, unemployment benefit, disability or accident plan; or a holiday, vacation, or leave of absence; or expense reimbursement, automobile or other transportation allowance; or other material employee benefit plan, agreement or arrangement including, without limitation, any "employee benefit plan," as defined in Section 3(3) of ERISA, maintained by the Company or the Company Subsidiaries or with respect to which the Company or the Company Subsidiaries have or in the future may have, any contribution or other liability or obligation with respect to any current or former employees of the Company or the Company Subsidiaries.

"Business" means the business of the Company and the Company Subsidiaries as currently conducted including the business of providing access to Medicare Advantage programs for Medicare-eligible seniors and other beneficiaries.

"Cap" means \$25,500,000.

"CERCLA" has the meaning set forth in the definition of "Environmental Law."

"CERCLIS" is defined in Section 5.12(f).

"Certificate" is defined in Section 2.3(a).

"Certificate of Merger" is defined in Section 1.2.

"Claim Notice" is defined in Section 11.4(a).

"Closing" is defined in Section 3.1.

"Closing Date" is defined in Section 3.1.

"Closing Merger Consideration Per Share Balance" is defined in Section 2.1(b).

"Closing Value" is defined in Section 4.2.

"Closing Value Statement" is defined in Section 4.2.

"CMS" means the Centers for Medicare and Medicaid Services, a division of the United States Department of Health and Human Services.

"Common Stock" is defined in Section 2.1(c).

"Company" is defined in the Preamble.

"Company Agents" is defined in Section 8.4(a).

"Company Capital Stock" is defined in Section 2.1(d).

"Company Contract" is defined in Section 5.10.

"Company Financial Statements" is defined in Section 5.5.

"Company Intellectual Property" is defined in Section 5.13(a).

"Company Interim Balance Sheet" is defined in Section 5.5.

"Company Interim Balance Sheet Date" is defined in Section 5.5.

"Company Interim Financial Statements" is defined in Section 5.5.

"Company Subsidiaries" means Arcadian Health Plan, Inc., a Washington corporation; Arkansas Community Care, Inc., an Arkansas corporation; Arcadian Health Plan of Georgia, Inc., a Georgia corporation; Arcadian Health Plan of Louisiana, Inc., a Louisiana corporation; Arcadian Health Plan of North Carolina, Inc., a North Carolina corporation; Arcadian Health Plan of New York, Inc., a New York corporation, and Arcadian Choice, Inc., a Texas corporation.

"Company Year-End Financial Statements" is defined in Section 5.5.

"Competition Filing" is defined in Section 7.10(d).

"Confidential Information" is defined in Section 8.2.

"Confidentiality Agreement" is defined in Section 7.8.

"Contract" means any written contract, agreement, license, lease, guaranty, indenture, sales or purchase order or other legally binding commitment.

"Controlled Group Member" means any organization which is a member of a controlled group of organizations (within the meaning of IRC Section 414(b), (c), (m) or (o)) of which the Company is a member.

"Corrective Action Plan" means any compliance, corrective action or remediation plan heretofore or subsequently developed, adopted or implemented by the Company or any of the Company Subsidiaries in response to or as a result of any orders, letters, communications or notices from CMS or any other Governmental Authority relating to the Company's or any of the Company Subsidiaries' failure to meet any of the requirements for continued participation in the Programs (including any orders, letters, communications or notices relating to CMS' low plan rating (or "star rating") or stating that continued participation may be contingent on the Company or the Company Subsidiaries developing, adopting, implementing or taking any sort of corrective or remedial actions).

"Defense Conditions" is defined in Section 11.4(b).

"DGCL" means the Delaware General Corporation Law.

"Disclosure Schedules" means the schedules executed and delivered by the Company to Parent and Merger Sub as of the date of this Agreement that set forth the exceptions to the representations and warranties contained in Section 5 and certain other information called for by this Agreement, as the same may be modified in accordance with the terms hereof. Unless otherwise specified, each reference in this Agreement to any numbered schedule is a reference to the corresponding numbered schedule which is included in the Disclosure Schedules. Each numbered schedule in the Disclosure Schedules shall be deemed to qualify the corresponding Section of this Agreement and any other Section to which the application of such disclosure is reasonably apparent on its face. It is specifically acknowledged that the Disclosure Schedules may expressly provide exceptions to a particular Section of Section 5 notwithstanding that the Section does not state "except as set forth in Schedule XYZ" or words of similar effect.

"Dissent Shares" is defined in Section 2.7.

"DOJ" means the United States Department of Justice, Antitrust Division.

"Effective Time" is defined in Section 1.2.

"Encumbrance" means any claim, lien, pledge, option, charge, easement, security interest, deed of trust, mortgage, right-of-way, encroachment, conditional sales agreement, encumbrance or other similar right of third parties, whether voluntarily incurred or arising by operation of law.

"Environmental Laws" means all federal, state, local or foreign laws, statutes, ordinances, regulations, rules, judgments, orders, court decisions or agency guidelines, which: (a) regulate or relate to the protection or clean-up of the environment; the use, treatment, storage, transportation, handling, disposal or release of Hazardous Substances, the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources; or the health and safety of persons (including employees) or property relating to exposure to Hazardous Substances; or (b) impose liability with respect to any of the foregoing, including: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"); (ii) the Emergency Planning and Community Right to Know Act, as amended; (iii) the Solid Waste Disposal Act, as amended; (iv) the Clean Air Act, as amended; (e) the Clean Water Act, as amended; (v) the Toxic Substances Control Act, as amended; (g) the Occupational Safety and Health Act of 1970, as amended; (vi) the Oil Pollution Act of 1990, as amended; and (vii) the Hazardous Materials Transportation Act, as amended.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Account" is defined in Section 2.4.

"Escrow Agent" is defined in Section 2.4.

"Escrow Agreement" is defined in Section 2.4.

"Escrow Amount" is defined in Section 2.1(e).

"Escrow Funds" is defined in Section 2.4.

"Escrow Payment Date" is defined in Section 2.4.

"Estimated Closing Value Statement" is defined in Section 4.1.

"Estimated Value" is defined in Section 4.1.

"Estimated Value Deficiency" is defined in Section 4.1.

"Estimated Value Surplus" is defined in Section 4.1.

"Excess Value Adjustment Amount" is defined in Section 4.3(b).

"Exchange Fund" is defined in Section 2.3(a).

"Extraordinary Losses" is defined in Section 11.2(f).

"Federal Reconciliation Adjustments" means the proposed or actual monetary adjustments, recoveries, or return of payments made by CMS, any Medicaid agency or any other Governmental Authority sought from the Company or any Company Subsidiary for any period occurring through the Effective Time in respect of any of the Company Subsidiaries' MA Plans or under any Program in which any Company Subsidiary participates, including, but not limited to, such adjustments, recoveries or return of payments attributable to: (a) errors made by any

Company Subsidiary or its Providers in coding the intensity or severity of a Members' health status or condition ("Medicare Risk Adjustment"), including as a result of a CMS Risk Adjustment Data Validation (RADV) audit; (b) errors, adjustments or reconciliations due to or following a Request for Anticipated Payments (RAP) submitted to CMS; (c) errors in the determination, calculation or payment of any low income cost subsidy, reinsurance subsidy or Program risk sharing; (d) amendments, corrections or changes to any Company Subsidiary's Program bid submissions; or (e) other Program reconciliations, adjustments or recoveries made in the ordinary course of business or as a result of a Governmental Authority's examination or other audit, whether based on errors or the discovery of new information. The amount of any Federal Reconciliation Adjustments shall include any interest, fines or penalties assessed against such monetary adjustments, recoveries or return of payment.

"First Escrow Payment Date" is defined in Section 2.4.

"FTC" means the United States Federal Trade Commission.

"GAAP" means U.S. generally accepted accounting principles, consistently applied.

"Governmental Authority" means any nation or government, province, state, county, municipality, and any other political subdivision of any of the foregoing, any legislative body, governmental department, commission, board, bureau, administrative or regulatory agency, court or other instrumentality of any of the foregoing and any Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including CMS.

"Hazardous Substance" means (a) any hazardous materials, hazardous wastes, hazardous substances, toxic wastes and toxic substances as those or similar terms are defined under any applicable Environmental Laws; (b) any asbestos or any material that contains any hydrated mineral silicate, including chrysolite, amosite, crocidolite, tremolite, anthophyllite and/or actinolite, whether friable or non-friable; (c) PCBs or PCB-containing materials or fluids; (d) radon; (e) any other hazardous, radioactive, toxic or noxious substance, material, pollutant, contaminant, constituent, or solid, liquid or gaseous waste, including medical, biological or biohazardous wastes, regulated under any Environmental Law; (f) any petroleum, petroleum hydrocarbons, petroleum products, crude oil and any fractions or derivatives thereof, any oil or gas exploration or production waste and any natural gas, synthetic gas and any mixtures thereof; (g) any substance that, whether by its nature or its use, is subject to regulation under any applicable Environmental Laws or with respect to which any Environmental Laws or Governmental Authority requires environmental investigation, monitoring or remediation and (h) any material defined as a toxic or hazardous substance pursuant to 42 U.S.C. § 9601(14).

"Health Care Laws" means all laws relating to: (a) the licensure, certification, qualification or authority to transact business in connection with the provision of, payment for, or arrangement of, health benefits or health insurance, including laws that regulate managed care, third party payors and persons bearing the financial risk for the provision or arrangement of health care services and, without limiting the generality of the foregoing, laws relating to Medicaid and Medicare Programs; (b) the operations of facilities such as pharmacies, laboratories, radiology or imaging centers or the operation of professional medical practices or other medical or health facilities; (c) the solicitation or acceptance of improper incentives

involving persons operating in the health care industry, including, without limitation, laws prohibiting or regulating fraud and abuse, patient referrals or Provider incentives generally or under the following statutes: the federal anti-kickback law (42 U.S.C. § 1320a-7b) and the regulations promulgated thereunder, the Stark laws (42 U.S.C. § 1395nn) and the regulations promulgated thereunder, the Federal False Claims Act (31 U.S.C. §§ 3729, et seq.), the federal Civil Monetary Penalties Law (42 U.S.C. § 1320a-7a), the federal Program Fraud Civil Remedies Act (31 U.S.C. § 3801 et seq.); (d) the administration of health care claims or benefits or processing or payment for health care services, treatment or supplies furnished by Providers, including third party administrators, utilization review agents and persons performing quality assurance, credentialing or coordination of benefits; (e) billings to insurance companies, health maintenance organizations and other managed care plans or otherwise related to insurance fraud; (f) the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, (g) HIPAA; (h) any laws governing the privacy, security, integrity, accuracy, transmission, storage or other protection of information about or belonging to actual or prospective Members; (i) any state insurance, health maintenance organization or managed care laws; (j) the Patient Protection and Affordable Care Act (Pub. L. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152) and the regulations promulgated thereunder and (k) and any other law, regulation, guidance document, manual provision, program memorandum, opinion letter, or other public issuance which regulates kickbacks, patient or program charges, recordkeeping, claims process, documentation requirements, medical necessity, referrals, the hiring of employees or acquisition of services or supplies from those who have been excluded from government health care programs, quality, safety, privacy, security, licensure, accreditation or any other aspect of providing health care services.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d et seq.), as amended by the Health Information, Technology for Economic and Clinical Health Act of 2009.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indebtedness" means, as of any date, without duplication, the outstanding principal amount of, accrued and unpaid interest on and other payment obligations (including any unpaid premiums, penalties, redemption costs and other charges payable as a result of the consummation of the Transactions) arising under any and all obligations of the Company or the Company Subsidiaries consisting of: (a) indebtedness for borrowed money or indebtedness issued in substitution or exchange for borrowed money or indebtedness for the deferred purchase price of property or services (other than trade payables and accrued expenses arising in the ordinary course of business but including any "earnout" or similar payments or any non-compete payments), in each case, whether or not represented by bonds, debentures, notes or similar instruments, and all accrued and unpaid interest thereon, and all premiums, prepayment penalties, fees and other amounts that are payable in respect thereof, (b) indebtedness evidenced by any note, bond, debenture or other debt security, in each case, as of such date, (c) obligations under any interest rate, currency, swap or other hedging agreements, in each case, as of such date (valued at the termination value thereof), excluding any undrawn letters of credit, (d) obligations of the Company or the Company Subsidiaries for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction that has been drawn upon as of such

date. (e) any indebtedness of a third party (other than the Company or Company Subsidiaries) of the type described in the foregoing clauses (a) through (d) guaranteed by, or that is recourse to, the Company or the Company Subsidiaries or any of their respective assets or that is otherwise their legal liability or that is secured in whole or in part by the assets of the Company or the Company Subsidiaries, and (f) all accrued interest, success fees, prepayment premiums, make whole premiums or penalties and fees or expenses associated with the prepayment of any of the foregoing. Notwithstanding the foregoing, "Indebtedness" shall not include any obligations under operating leases or intercompany debt solely between the Company and the Company Subsidiaries.

"Indemnitee" is defined in Section 11.4(a).

"Indemnitor" is defined in Section 11.4(a).

"Intellectual Property" means (a) all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon, and all similar rights arising under the Laws of any jurisdiction, (b) all trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, Internet domain names and corporate names and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof, (c) copyrights and registrations and applications therefor, works of authorship and mask work rights, including software code and computer software, (d) discoveries, concepts, ideas, inventions, research and development, know-how, formulae, inventions, compositions, manufacturing and production processes and techniques, technical data, procedures, designs, drawings, specifications, databases, and other proprietary or confidential information, including customer lists, supplier lists, pricing and cost information, and business and marketing plans and proposals of the Company and the Company Subsidiaries, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by copyrights or patents, and (e) and any rights analogous to the foregoing, in each case, whether protected, created or arising under the laws of the United States or any other jurisdiction.

"IRC" means the United States Internal Revenue Code of 1986, as amended. All references to the IRC, Treasury Regulations or other governmental pronouncements shall be deemed to include references to any applicable successor regulations or amending pronouncement.

"IRS" means the United States Internal Revenue Service.

"JAMS Arbitrator" is defined in Section 13.8.

"Knowledge of the Company" means to the actual, current knowledge of David Buler, Robert Fahlman, Les Granow, James Novello, John Wells and Kenneth Zimmerman after due inquiry.

"Limited-Recourse Exceptions" is defined in Section 11.2(b)(vi).

"Losses" means all losses, costs and expenses (including without limitation, costs of investigation and defense and reasonable attorneys' and other professionals' fees), claims,

liabilities, damages, lawsuits, demands and expenses, interest, fines, penalties or any diminution in value, whether or not involving a third party claim; provided, that with respect to any Tax Contest, "Losses" shall also include (a) the reasonable costs of engaging an outside consultant to investigate matters relating to such Tax Contest, to engage and negotiate with the Internal Revenue Service and/or other Governmental Authorities in respect of such Tax Contest, and to implement any required corrections and (b) a reasonable allowance for Parent's internal time and effort expended in dealing with such Tax Contest.

"MA Plans" means one or more Medicare Advantage coordinated care plans (i.e., without prescription drug coverage), Medicare Advantage prescription drug plans and stand-alone prescription drug plans offered under a policy, contract or plan authorized under the Medicare Advantage Program and approved by CMS, in each case, offered by the Company Subsidiaries.

"Material Adverse Effect" or "Material Adverse Change" means any effect, event, change, fact, circumstance or development that is materially adverse to the condition (financial or otherwise), business, operations, assets or results of operations of the Company and the Company Subsidiaries, taken as a whole; provided, however, that any such effect resulting from: (a) any change in economic or capital market conditions generally, (b) national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (c) public or industry knowledge of the Transactions (including, without limitation, any action or inaction by the Company' or the Company Subsidiaries' employees, customers and vendors), (d) the consummation of the Transactions, and (e) any actions required to be taken pursuant to this Agreement or any agreement contemplated herein shall not be considered when determining whether a Material Adverse Effect has occurred, provided, however, that the exclusions in clauses (a) and (b) above shall be inapplicable to the extent that they impact the Company or the Company Subsidiaries in a materially disproportionate manner relative to the majority of other similar entities impacted by such change. The Company may, however, at its option, include in the Disclosure Schedules or elsewhere items that would not constitute a Material Adverse Effect within the meaning of this definition in order to avoid any misunderstanding, and such inclusion shall not be deemed to be an acknowledgement by the Company that such items would constitute a Material Adverse Effect or further define the meaning of such term for purposes of this Agreement.

"Material Health Care Provider" is defined in Section 5.30(a).

"Material Producer" is defined in Section 5.29.

"Medicaid" means the applicable provisions of Title XIX of the Social Security Act, the regulations promulgated thereunder, and the state laws implementing the Medicaid program.

"Medical and Pharmacy Claims" means, with respect to any measurement period, the aggregate dollar amount of claims incurred by the Company and the Company Subsidiaries with respect to covered medical or pharmaceutical services provided to the Company's and the Company Subsidiaries' MA Plans prior to the Closing Date.

"Medical Claims Reserve" means amounts accrued or reserved by the Company and the Company Subsidiaries for liability for Medical and Pharmacy Claims incurred but not reported, and incurred but pending or otherwise unpaid.

"Medicare" means the applicable provisions of Title XVIII of the Social Security Act and the regulations promulgated thereunder.

"Medicare Advantage Program" means the Medicare Advantage program established under Part C of Title XVIII of the Social Security Act, as succeeded and superseded by Title II of MMA, and the Medicare Prescription Drug Benefit program established by Section 101 of the MMA, and the applicable implementing regulations any and all guidelines, bulletins, manuals, instructions, requirements, policies, standards, directives or sub-regulatory guidance from time to time adopted or issued by CMS or HHS, as all of the foregoing may be amended or any substitute or successor provisions thereof enacted, adopted or issued.

"Member" means any individual who is properly enrolled in a MA Plan.

"Merger" is defined in Section 1.1.

"Merger Sub" is defined in the Preamble.

"MMA" means the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

"New CVS Contract" means that certain Prescription Benefit Services Agreement for Medicare Part D, entered into on August 16, 2011, by and between CVS Caremark Part D Services, L.L.C. and Arcadian Health Plan, Inc. which will supersede the Managed Pharmacy Benefit Services Agreement Medicare Part D between Arcadian Health Plan, Inc., and its affiliates and SilverScript, Inc. (and CaremarkPCS Health, LLP, SilverScript, LLC, and CVS Caremark Part D Services, LLC) with all amendments and attachments thereto, effective as of January 1, 2006.

"NPL" is defined in Section 5.12(f).

"Other Securities" means, with respect to any entity, any: (a) capital stock of such entity (other than common stock) or securities convertible into or exchangeable for any capital stock of such entity; (b) options, warrants or other rights to purchase or subscribe to capital stock of such entity or securities convertible into or exchangeable for capital stock of such entity; or (c) contracts, commitments, agreements, understandings, arrangements, calls or claims of any kind relating to the issuance of any capital stock of such entity, any such convertible or exchangeable securities or any such options, warrants or rights.

"Parent" is defined in the Preamble.

"Parent Indemnitees" is defined in Section 11.2(a).

"Parent Indemnitors" is defined in Section 11.3(a).

"Parent Releasing Parties" is defined in Section 8.1(a).

"Paying Agent" is defined in Section 2.3(a).

"Permits" means all licenses, permits, franchises, approvals, authorizations, consents or orders of, or filings with, any Governmental Authority, or any other person, including any requirements or accreditation of any accrediting body, necessary for the conduct of the Business as currently conducted.

"Permitted Encumbrances" means: (a) liens arising in the ordinary course of business by operation of law for amounts not yet due in favor of carriers, warehousemen, mechanics, landlords and materialmen; (b) liens for Taxes not yet due or any Taxes being contested in good faith by appropriate proceedings and for which appropriate reserves are established in the Company Financial Statements; (c) other liens or imperfections on property which are not material in amount or do not materially detract from the value of or materially impair the existing use of the property affected by such lien or imperfection, (d) liens relating to deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of leases, trade contracts or other similar agreements, (e) purchase money liens on personal property acquired in the ordinary course of business, (f) liens securing executory obligations under any lease that constitutes a "capital lease" under GAAP, (g) any utility company rights, easements and franchises and (h) those liens identified on Schedule 14.1.

"Per Share Merger Consideration" is defined in Section 2.1(f).

"Person" shall be construed in the broadest sense possible and means and includes an individual, corporation, partnership, association, trust, estate, joint stock company, unincorporated organization or other entity or organization, including a Governmental Authority (and any department, agency or political subdivision thereof).

"Pre-Closing Period" means any Tax period ending on or before the Closing Date.

"Producer" means any sales agent, consultant, solicitor, producer or agency thereof who or which arranges, on behalf of any of the Company Subsidiaries, for the sales of or enrollment into MA Plans offered by the Company Subsidiaries.

"Program" means the Medicare and Medicaid programs and any other state or federal health care program, as defined in 42 U.S.C. § 1320a-7b(f).

"Proportional Interest" means with respect to each Stockholder Party, a number calculated using a fraction, the numerator of which is the Pro Rata Share of such Stockholder Party and the denominator of which is the Pro Rata Share of all Stockholder Parties in the aggregate.

"Proportionate Share" means, when used with respect to any Stockholder, a number calculated using a fraction, the numerator of which is the number of shares of Company Capital Stock held by the Stockholder immediately prior to the Effective Time, and the denominator of which is the total number of shares of Company Capital Stock issued and outstanding

immediately prior to the Effective Time, in each case of the numerator and denominator, with shares of Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock treated for this purpose as if they had been converted into shares of Common Stock at the then-applicable conversion rate in accordance with the Certificate of Incorporation of the Company (after giving effect to any Warrants and options exercised before the Effective Time). Each Stockholder's estimated Proportionate Share (calculated as of the date hereof rather than as of the Effective Time) is set forth next to such Stockholder's name on Exhibit A, which Exhibit A shall be updated prior to the Closing pursuant to Section 3.2(a)(ix) to reflect each Stockholder's final Proportionate Share.

"Pro Rata Share" means, when used with respect to any Stockholder, a number calculated, at any given time (it being acknowledged that such percentage may change with respect to each Stockholder from time to time), using a fraction the numerator of which is the total amount of consideration actually theretofore paid to such Stockholder pursuant hereto at such time (including such Stockholder's portion of the Total Closing Merger Consideration and any amounts released or distributed to such Stockholder pursuant to Section 2.4 and/or Section 4.3(b)) and the denominator of which is the total amount of consideration actually theretofore paid to all Stockholders pursuant hereto at such time (including the Total Closing Merger Consideration and any amounts released or distributed to the Stockholders pursuant to Section 2.4 and/or Section 4.3(b)); provided, that any amounts withheld pursuant to Section 2.8 or paid to the Parent Indemnitees pursuant to Section 11.2 shall be deemed theretofore paid to the Stockholders for such purposes. Each Stockholder's Pro Rata Share as of the date hereof is set forth next to such Stockholder's name on Exhibit A, which Exhibit A shall be updated prior to the Closing pursuant to Section 3.2(a)(ix) to reflect each Stockholder's Pro Rata Share as at the Effective Time.

"Providers" means any all physicians, physician or medical groups, IPAs, PPOs, exclusive provider organizations, specialist physicians, dentists, optometrists, audiologists, pharmacies and pharmacists, radiologists or radiology centers, laboratories, mental health professionals, chiropractors, physical therapists, any hospitals, skilled nursing facilities, extended care facilities, other health care or services facilities, durable medical equipment suppliers, opticians, home health agencies, alcoholism or drug abuse centers and any other specialty, ancillary or allied medical, health or wellness professional or facility.

"RADV Audit" means a CMS Risk Adjustment Data Validation audit.

"RAP" means a Request for Anticipated Payment submitted to CMS.

"Real Property Leases" is defined in Section 5.11.

"Reference Value" means \$55,541,716.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, migrating within the environment or disposing into the environment or the workplace of any Hazardous Substance, and otherwise as defined in any Environmental Law.

"Remedies Exceptions" is defined in Section 5.2(a).

"Representative" means with respect to any Person, any officer, director, principal, attorney, accountant, agent, employee or representative of such Person, any Affiliate of such Person, and any Representative of such Affiliate.

"Retention Agreement" is defined in Section 7.2(d).

"SAP" means applicable statutory accounting principles.

"Second Escrow Payment Date" is defined in Section 2.4.

"Section 262" is defined in Section 2.7.

"Series A Liquidation Amount" is defined in Section 2.1(g).

"Series A Preferred Stock" is defined in Section 2.1(k).

"Series B Liquidation Amount" is defined in Section 2.1(h).

"Series B Preferred Stock" is defined in Section 2.1(l).

"Series B-1 Liquidation Amount" is defined in Section 2.1(i).

"Series B-1 Preferred Stock" is defined in Section 2.1(m).

"Series C Liquidation Amount" is defined in Section 2.1(j).

"Series C Preferred Stock" is defined in Section 2.1(n).

"Service Area" means the geographic areas in which the Company or any Company Subsidiaries hold Permits issued by Governmental Authorities and are duly authorized by CMS and the applicable Governmental Authorities, as of the date of this Agreement, to offer MA Plans to Members.

"SMRH" means Sheppard, Mullin, Richter & Hampton LLP.

"Specified Representations" means the representations contained in Section 5.1 (Organization and Good Standing), Section 5.2 (Authority and Enforceability), clauses (i), (ii)(A) and (ii)(B) of Section 5.3(a) (Not *Ultra Vires*; No Violation of Certain Laws and Agreements), Section 5.4 (Capitalization; Corporate Records), Section 5.24 (Brokerage), Section 6.1 (Organization and Standing), Section 6.2 (Authority and Enforceability), Section 6.3(a) (Not *Ultra Vires*) and Section 6.7 (Brokerage).

"State Insurance Filing" is defined in Section 7.10(c).

"State Regulatory Filing" is defined in Section 5.25(d).

"Statutory Reserve" means, with respect to a Company Subsidiary, the actual amount of capital and surplus the Company Subsidiary has, as determined under SAP; provided, however, that for purposes of this calculation, the following shall be included in the calculation of

Statutory Reserve (but in each case, without duplication): (A) all severance or bonus payments due to employees from the Company Subsidiaries related to the period at or prior to the Closing in connection with the transactions contemplated hereby or otherwise, and (B) the employer portion of any withholding Taxes owed by the Company Subsidiaries to any Governmental Authority (including those which may become payable in connection with actions taken in anticipation of, or contemporaneously with, the Closing of the Transactions).

"Stockholder" is defined in Section 2.1(o).

"Stockholder Indemnitees" is defined in Section 11.3(a).

"Stockholder Party" is defined in the Preamble.

"Stockholder Releasing Parties" is defined in Section 8.1(a).

"Stockholder Representative" is defined in Section 13.1(a).

"Straddle Period" means any Tax period that begins on or before and ends after the Closing Date.

"Straddle Return" means a Tax Return for a Straddle Period.

"Subsidiary" means any corporation, partnership, limited liability company or other business entity with respect to which a specified Person (or a Subsidiary thereof) owns at least a majority of the outstanding capital stock or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors or otherwise direct the management of the entity.

"Surviving Corporation" is defined in Section 1.1.

"Tax" or "Taxes" means (whether or not disputed) taxes of any kind, levies or other like assessments, duties, imposts, charges or fees, including, without limitation: (a) all federal, state, local or foreign taxes, including all income, profits, capital gains, receipts, corporate franchise, net worth, sales, use, value added, property, ad valorem, value-added, intangible, unitary, transfer, stamp, documentary, license, payroll, employment, estimated, excise, environmental, occupation, premium, property, customs, duties, severance, windfall profits, franchise, license, withholding, social security, unemployment, disability, registration, alternative or add-on minimum, recapture or other taxes, levies, fees, charges or assessments of any kind assessed or imposed by any Taxing Authority together with any interest and any penalties, fines, additions to tax or additional amounts with respect thereto, (b) any liability for payment of amounts described in clause (a) payable by reason of Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof) or any analogous or similar provision under law, as a result of successor or transferee liability, or being a member of an Affiliated Group for any period, or otherwise through operation of law, and (c) any liability for payment of amounts described in clauses (a) or (b) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement or any practice, policy or arrangement of indemnifying or to indemnify any other person for taxes.

"Tax Contest" is defined in Section 9.4(a).

"Tax Returns" means any return, report, statement, information return, claim for refund or other document (including any related or supporting information) filed or required to be filed with any Taxing Authority in connection with the determination, assessment, collection or administration of any Taxes or the administration of any laws, regulations or administrative requirements relating to any Taxes.

"Taxing Authority" means the IRS and any other Governmental Authority responsible for the administration and/or collection of any Tax.

"Third Escrow Payment Date" is defined in Section 2.4.

"Threshold" means One Million, Six-Hundred and Fifty Thousand Dollars (\$1,650,000).

"Total Closing Merger Consideration" is defined in Section 2.1(p).

"Transaction Expenses" means: (a) all costs and expenses incurred or otherwise payable by the Company or the Company Subsidiaries in connection with this Agreement and the Transactions, including, without limitation, all legal, financial advisory, accounting, consulting and other fees and expenses and any broker's or finder's fees and (b) all amounts (plus any associated withholding Taxes or any Taxes required to be paid by the Company or the Company Subsidiaries with respect thereto) payable by the Company or the Company Subsidiaries, whether immediately or in the future, under any "change of control," phantom stock, retention, termination, compensation, severance or other similar arrangements as a result of the consummation of the Transactions (including, without limitation, such amounts payable to any employee of the Company or the Company Subsidiaries at the election of such employee pursuant to any such arrangements); in each case except to the extent paid prior to the Closing Date.

"Transactions" means the transactions contemplated hereby and by the Ancillary Agreements.

"Transfer Taxes" is defined in Section 9.5.

"Treasury Regulations" means the regulations prescribed under the IRC.

"Warrant" means a right to purchase shares of Company Capital Stock, including, without limitation, rights provided under warrants or options; provided, that Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock shall not be deemed included in the definition of "Warrants."

"Working Capital" shall mean the amount calculated by subtracting the current liabilities of the Company from its current assets, in each case, calculated in accordance with GAAP and consistent with historical practice of the Company to the extent consistent with GAAP; provided, however, that for purposes of this calculation "current liabilities" shall include (in each case, without duplication) (A) all severance or bonus payments due to employees from the Company related to the period at or prior to the Closing in connection with the transactions contemplated

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement and Plan of Merger as of the date first above written.

"PARENT"

~~Humana Inc.~~, a Delaware corporation

By: _____

Name: P. Kussman

Title: SVP

"MERGER SUB"

~~HumSol, Inc.~~, a Delaware corporation

By: _____

Name: P. Kussman

Title: SVP

"COMPANY"

Arcadian Management Services, Inc.

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement and Plan of Merger as of the date first above written.

"PARENT"

Humana Inc., a Delaware corporation

By: _____
Name: _____
Title: _____

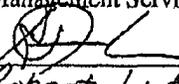
"MERGER SUB"

Humsol, Inc., a Delaware corporation

By: _____
Name: _____
Title: _____

"COMPANY"

Arcadian Management Services, Inc.

By: 
Name: Robert L. Fahlman
Title: Chairman & CEO

STOCKHOLDERS:

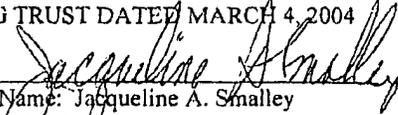

Kenneth B. Zimmerman

Number of Common Shares: 434,176
1133 Barroilhet
Hillsborough, CA 94010
Phone: 510-817-1008
Email: kzimmerman@arcadianhealth.com

[Signature Page to Agreement and Plan of Merger]

THIRD AMENDED AUSTIN/SMALLEY
LIVING TRUST DATED MARCH 4, 2004

By:


Name: Jacqueline A. Smalley
Title: Trustee

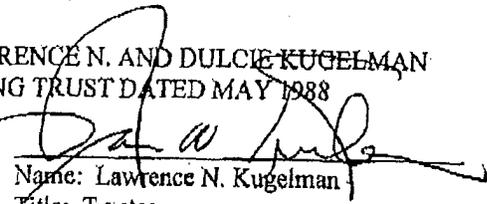
Number of Common Shares: 1,111,083

Attn: Jacqui Smalley
5920 Ross St.
Oakland, CA 94618
Phone: 510-817-1006
Email: Jacqui@bccranch.com

[Signature Page to Agreement and Plan of Merger]

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By:



Name: Lawrence N. Kugelman
Title: Trustee

Number of Common Shares: 21,508

Attn: Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lnkdak@aol.com



Les Granow

Number of Common Shares: 706
Les Granow
865 17th Street
Manhattan Beach, CA 90266
Phone: 909-971-6800
Email: Lgranow@arcadianhealth.com

[Signature Page to Agreement and Plan of Merger]

PREFERRED A STOCKHOLDERS:
THREE ARCH PARTNERS II, L.P.
By: Three Arch Management II, L.L.C.,
its General Partner

By: [Signature]
Name: WILFRED JAEGER
Title: MANAGING MEMBER

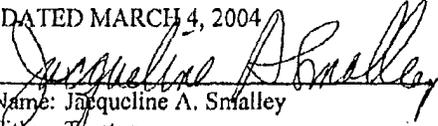
Number of Preferred A Shares: 355,000
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

[Signature Page to Agreement and Plan of Merger]

PREFERRED B STOCKHOLDERS:

THIRD AMENDED AUSTIN/SMALLEY LIVING
TRUST DATED MARCH 4, 2004

By:


Name: Jacqueline A. Smalley
Title: Trustee

Number of Preferred B Shares: 218,182

Attn: Jacqui Smalley

5920 Ross St.

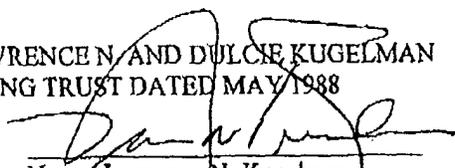
Oakland, CA 94618

Phone: 510-817-1006

Email: Jacqui@bccranch.com

[Signature Page to Agreement and Plan of Merger]

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By: 

Name: Lawrence N. Kugelman
Title: Trustee

Number of Preferred B Shares: 106,870
Attn: Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lnkdak@aol.com

[Signature Page to Agreement and Plan of Merger]



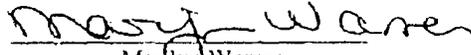
Alexander Kugelman

Number of Preferred B Shares: 11,500
Alexander Kugelman
c/o Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lnkdak@aol.com


Stryker Warren

Number of Preferred B Shares: 51,948
Stryker Warren
Urologix Inc.
14405 21st Avenue North, Suite 110
Minneapolis, MN 55447-2000
Phone: 615-948-6710
Email: SWarren@Urologix.com

[Signature Page to Agreement and Plan of Merger]


Marilyn Warren

Number of Preferred B Shares: 51,948
Marilyn Warren
448 Cumberland Place
Nashville, TN 37215
Phone: 615-665-2285
Email: SWJRMHW@comcast.net

[Signature Page to Agreement and Plan of Merger]



Edward Blumenstock

Number of Preferred B Shares: 51,948
Edward Blumenstock
75 El Camino Real
Berkeley, CA 94705-2423
Phone: 510-825-1700
Email: edblumenstock@gmail.com

[Signature Page to Agreement and Plan of Merger]

Allen F. Wise

Allen F. Wise

Number of Preferred B Shares: 311,688

Allen Wise

Coventry Healthcare Corporation

6705 Rockledge Drive, Suite 900

Bethesda, Maryland 20817

Phone: 301-581-5464

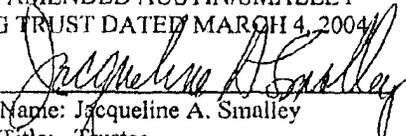
Email: allenwise1@hotmail.com

Email2: mashepherd@cvty.com

[Signature Page to Agreement and Plan of Merger]

PREFERRED B-1 STOCKHOLDERS:
THIRD AMENDED AUSTIN/SMALLEY
LIVING TRUST DATED MARCH 4, 2004

By:


Name: Jacqueline A. Smalley
Title: Trustee

Number of Preferred B-1 Shares: 275,000

Attn: Jacqui Smalley

5920 Ross St.

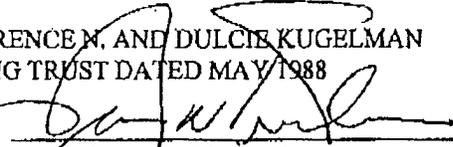
Oakland, CA 94618

Phone: 510-817-1006

Email: Jacqui@bccranch.com

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By:



Name: Lawrence N. Kugelman

Title: Trustee

Number of Preferred B-1 Shares: 100,000

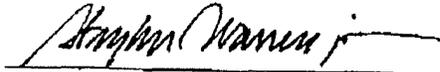
Attn: Larry N. Kugelman Sr.

24 Venezia

Newport Coast, CA 92657

Phone: 949-497-0149

Email: lnkdak@aol.com



Stryker Warren

Number of Preferred B-1 Shares: 25,000

Stryker Warren

Urologix Inc.

14405 21st Avenue North, Suite 110

Minneapolis, MN 55447-2000

Phone: 615-948-6710

Email: SWarren@Urologix.com

[Signature Page to Agreement and Plan of Merger]

Marilyn Warren

Marilyn Warren

Number of Preferred B-1 Shares: 25,000
Marilyn Warren

~~THREE ARCH PARTNERS II, L.P.
By: Three Arch Management II, L.L.C.,
its General Partner~~

~~By: _____
Name: WILFRED JAEGER
Title: MANAGING MEMBER~~

Number of Preferred C Shares: 558,971
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

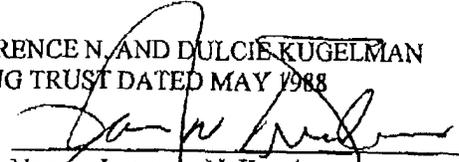
~~THREE ARCH PARTNERS IV, L.P.
By: Three Arch Management IV, L.L.C., its
General Partner~~

~~By: _____
Name: WILFRED JAEGER
Title: MANAGING MEMBER~~

Number of Preferred C Shares: 355,483
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

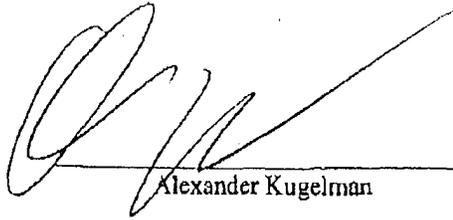
LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By:


Name: Lawrence N. Kugelman
Title: Trustee

Number of Preferred C Shares: 24,442
Attn: Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lnkdak@aol.com

[Signature Page to Agreement and Plan of Merger]



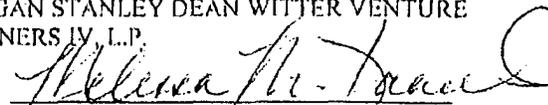
Alexander Kugelman

Number of Preferred C Shares: 3,500
Alexander Kugelman
c/o Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lnkdak@aol.com

[Signature Page to Agreement and Plan of Merger]

MORGAN STANLEY DEAN WITTER VENTURE
PARTNERS IV, L.P.

By:


Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 483,945

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

MORGAN STANLEY DEAN WITTER VENTURE
INVESTORS IV, L.P.

By:

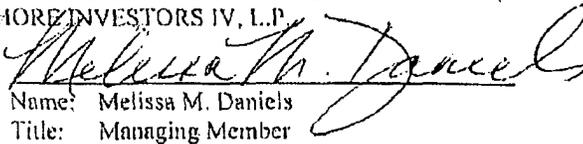

Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 56,146

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

MORGAN STANLEY DEAN WITTER VENTURE
OFFSHORE INVESTORS IV, L.P.

By:

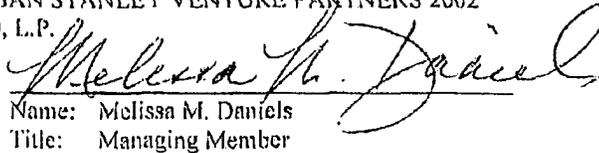

Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 18,881

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

MORGAN STANLEY VENTURE PARTNERS 2002
FUND, L.P.

By:

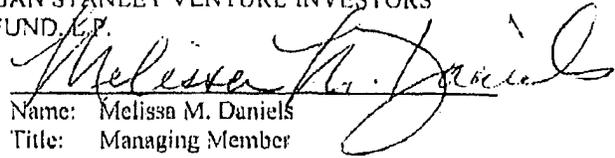

Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 430,078

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

MORGAN STANLEY VENTURE INVESTORS
2002 FUND, L.P.

By:


Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 128,893

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

[Signature Page to Agreement and Plan of Merger]

Exhibit A
Stockholder List

See attached.

Arcadian Management Services, Inc.
Shareholder List
As of 8/15/2011

Exhibit A

Shareholder Name	Current Shares					Shares Out	Options/Warrants ¹	Total	Proportionate Share	Pro Rata Share
	Preferred Series A	Preferred Series B	Preferred Series B-1	Preferred Series C	Common					
12 152245 Canada Inc. Power Corporation of Ontario	14,227	-	-	-	-	14,227	-	14,227	0.1461%	0.1155%
27 Abbas Saibani	-	20,779	-	-	-	20,779	-	20,779	0.2192%	0.1802%
2 Arczia Management L.P.	51,680	-	-	-	-	51,680	-	51,680	0.5667%	0.4275%
46 Alexander Angelini	-	11,500	-	1,500	-	15,000	-	15,000	0.1583%	0.1692%
87 Alexander Zimmerman	-	-	-	-	19,074	19,074	-	19,074	0.2014%	0.1567%
7 Alice Spino	-	-	-	-	10,000	10,000	-	10,000	0.1056%	0.0811%
76 Allen Wise	-	111,448	-	-	-	111,448	-	111,448	1.1902%	0.8972%
3 Amortropco II, LLC	4,677	-	-	-	-	4,677	-	4,677	0.0494%	0.0272%
9 Amortropco V, LLC	9,354	-	-	-	-	9,354	-	9,354	0.0987%	0.0744%
125 Amy Johnson	-	-	-	-	-	-	1,000	1,000	0.0106%	0.0077%
137 Anna Higgins	-	-	-	-	-	-	500	500	0.0053%	0.0039%
21 Anwar, L.P.	1,095	-	-	-	-	1,095	-	1,095	0.0116%	0.0087%
152 Asahi Pharmaceutical	-	-	-	-	-	-	1,000	1,000	0.0217%	0.0201%
113 Beach Point Distressed Master Fund, LP	-	-	-	-	-	-	5,689	5,689	0.0601%	0.0399%
94 Bob Chosko	-	-	-	-	1,483	1,483	-	1,483	0.0156%	0.0235%
88 Brad Luke	-	-	-	-	7,454	7,454	-	7,454	0.0787%	0.0510%
104 Brian Smith	-	-	-	-	271	271	-	271	0.0028%	0.0019%
31 C. Sage Green Revocable Trust DTD 12/15/04	12,520	-	-	-	-	12,520	7,500	11,500	0.1220%	0.0994%
107 Carolyn Mathews	-	-	-	-	-	-	7,500	7,500	0.0792%	0.0547%
33 Charles E. Fall	7,500	-	-	-	-	7,500	-	7,500	0.0792%	0.0547%
64 Chase S. Milbrand	-	-	-	-	250,000	250,000	20,000	270,000	2.8502%	1.8437%
43 Cheryl Wilkins	-	-	-	-	175,500	175,500	-	175,500	1.8520%	0.9999%
87 Chester Blom	-	25,914	25,000	-	-	50,914	700	51,614	0.5221%	0.3614%
74 Cristina Lopez-Pollard	-	-	-	-	5,000	5,000	-	5,000	0.0528%	0.0342%
85 Crosby Widaman	-	-	-	-	2,353	2,353	-	2,353	0.0246%	0.0161%
117 Curtis Terry	-	-	-	-	-	-	50,000	50,000	0.5278%	0.3357%
106 Dan Dyer	-	-	-	-	15,083	15,083	1,917	17,000	0.1795%	0.1160%
85 Dave Lomok	-	-	-	-	125,000	125,000	-	125,000	1.3185%	0.8947%
118 David Burke	-	-	-	-	-	-	25,000	25,000	0.2639%	0.1679%
20 David L. Anderson Trustee, The Anderson Living Trust 10/4/01 10/25/08	3,050	-	-	-	-	3,050	-	3,050	0.0322%	0.0242%
32 David S. Hain	1,250	-	-	-	-	1,250	-	1,250	0.0132%	0.0099%
128 Doug Cristall	-	-	-	-	-	-	5,000	5,000	0.0528%	0.0336%
89 Douglas Nelson, M.D.	-	-	-	-	4,706	4,706	-	4,706	0.0497%	0.0329%
52 Edward Blumstock	-	-	51,948	-	-	51,948	-	51,948	0.5484%	0.4669%
88 Edwin Esco	-	-	-	-	2,000	2,000	-	2,000	0.0211%	0.0137%
34 Eliza Moor	1,250	-	-	-	-	1,250	-	1,250	0.0132%	0.0099%
125 Elizabeth Weisler	-	-	-	-	-	-	10,750	10,750	0.1135%	0.0725%
8 Loring Mason Kaufman Foundation	18,708	-	-	-	-	18,708	-	18,708	0.1975%	0.1482%
3 First Equity Partners VI, LP	3,508	-	-	-	-	3,508	-	3,508	0.0370%	0.0237%
4 First Growth Resources, Inc	19,878	-	-	-	-	19,878	-	19,878	0.2098%	0.1521%
75 Fred Faurie, M.D.	-	-	-	-	4,706	4,706	-	4,706	0.0497%	0.0329%
83 Frederick Manningor, M.D.	-	-	-	-	4,000	4,000	-	4,000	0.0422%	0.0274%
72 Davidson Rus	-	-	-	-	25,000	25,000	195,200	220,200	2.3244%	1.4694%
79 Gary Hertzberg	-	-	-	-	16,354	16,354	-	16,354	0.1726%	0.1118%
60 Gary Ingersoll	-	-	-	-	625	625	-	625	0.0066%	0.0043%
20 Donald Investment LLC	719	-	-	-	-	719	-	719	0.0076%	0.0050%
32 George Leonard Baker, Jr., Trustee, Baker Revocable Trust 10/4/01 03/03/03	3,050	-	-	-	-	3,050	-	3,050	0.0322%	0.0242%
69 Gordon Clawson, M.D.	-	-	-	-	4,706	4,706	-	4,706	0.0497%	0.0329%
10 HarbourView Partners VII Venture Fund, L.P.	23,385	-	-	-	-	23,385	-	23,385	0.2469%	0.1825%
120 Heidi Sullivan	-	-	-	-	-	-	25,000	25,000	0.2639%	0.1679%
124 Helene Jo	-	-	-	-	-	-	15,000	15,000	0.1583%	0.1007%
10 James Anderson	-	-	-	-	5,000	5,000	-	5,000	0.0528%	0.0336%
29 James C. Gisher, Trustee, The Gisher Revocable Trust 07/08/2000	184	-	-	-	-	184	-	184	0.0019%	0.0013%
55 James Carmichael	-	-	-	-	16,000	16,000	-	16,000	0.1689%	0.1094%
82 Janette Hobbs Johnson	-	-	-	-	1,000	1,000	-	1,000	0.0106%	0.0068%
129 Jess Sarano	-	-	-	-	-	-	5,000	5,000	0.0528%	0.0336%
63 Jeffrey McManus	-	-	-	-	104,706	104,706	20,200	124,906	1.3164%	0.8525%
94 Jennifer Smith	-	-	-	-	6,000	6,000	-	6,000	0.0632%	0.0410%
123 Jim Newell	-	-	-	-	10,000	10,000	-	10,000	0.1056%	0.1347%
100 Jean Tuzenot	-	-	-	-	1,500	1,500	-	1,500	0.0156%	0.0095%
118 John Wells	-	-	-	-	52,000	52,000	-	52,000	0.5525%	0.3357%
11 JRSI Family LLC	-	-	-	-	17,500	17,500	7,500	15,000	0.1583%	0.1007%
158 Kelly Lencov	-	-	-	-	500	500	-	500	0.0053%	0.0039%
53 Ken Zimmerman	-	-	-	-	414,176	414,176	507,926	507,926	5.3618%	3.4640%
95 Kenneth Bryan	-	-	-	-	2,188	2,188	-	2,188	0.0229%	0.0147%
81 Kenneth Henderson, M.D.	-	-	-	-	4,706	4,706	-	4,706	0.0497%	0.0329%
151 "Leo Grady	-	-	-	-	-	-	2,000	2,000	0.0211%	0.0137%
55 "M. Houck	-	-	-	-	3,000	3,000	-	3,000	0.0317%	0.0205%
157 "P. G. Integrated Holdings II Partnership	17,511	-	-	-	-	17,511	-	17,511	0.1844%	0.1305%
157 "P. G. Integrated Holdings III, L.P. c/o Kingsbridge Advisors	5,875	-	-	-	-	5,875	-	5,875	0.0620%	0.0467%
157 "P. G. Integrated Holdings IV, L.P. c/o Kingsbridge Advisors	-	-	-	-	12,601	12,601	2,336	15,000	0.1583%	0.1029%

Exhibit A

Shareholder Name	Current Shares						Options/Warrants 1	Total	Proportionate Share	P/O Ratio Share
	Preferred Series A	Preferred Series B	Preferred Series B-1	Preferred Series C	Common	Shares O/P				
43 Lawrence D. Angelman		11,000		1,500			15,000		0.1553%	0.1632%
44 Lawrence N. and Dacia Kugelman Living Trust Dated May 1988	106,870	100,000	24,442	21,508	252,820	43,492	796,312	3.1280%	2.6527%	
93 Les Granow				706	706		250,900	2.6465%	1.6836%	
102 Lisa Haney				417	417		3,000	0.0317%	0.0202%	
51 Marilyn Warren	51,943	25,000			76,948		76,948	0.6123%	0.6656%	
114 Mac 90 Segregated Portfolio of LMA SPD							4,391	0.0464%	0.0295%	
103 Mark Lopez				11,438	11,438		11,438	0.1292%	0.0782%	
11 Massachusetts Institute of Technology Retirement Plan	14,031				14,031		14,031	0.1481%	0.1116%	
133 Matt Orlando						2,500	2,500	0.0294%	0.0168%	
67 Max Hoyerberg				6,987	6,987		6,987	0.0738%	0.0215%	
105 Menaise School				677	677		677	0.0071%	0.0045%	
131 Mohr Shah						4,000	4,000	0.0426%	0.0269%	
86 Miss Williamson				2,353	2,353		2,353	0.0248%	0.0161%	
73 Mody Crogan-Smith, M.D.				4,706	4,706		4,706	0.0497%	0.0322%	
107 Morgan Stanley & Co.						54,487	54,487	0.5752%	0.3692%	
59 Morgan Stanley Dean Witter Venture Investors IV, L.P.				56,146	56,146		56,146	0.5927%	0.3554%	
60 Morgan Stanley Dean Witter Venture Offshore Investors IV, L.P.				18,881	18,881		18,881	0.1933%	0.1257%	
58 Morgan Stanley Dean Witter Venture Partners IV, L.P.				483,945	483,945	7,500	491,445	5.1678%	9.1602%	
62 Morgan Stanley Venture Investors 2002 Fund, L.P.				128,893	128,893		128,893	1.3605%	2.4295%	
61 Morgan Stanley Venture Partners 2002 Fund, L.P.				430,078	430,078	7,500	437,578	4.6162%	9.1468%	
68 Nancy Friterson				300,000	300,000		300,000	3.1669%	2.0513%	
7 Nassau Capital Funds, L.P.	36,352				36,352		36,352	0.3837%	0.2997%	
110 Patrick Floss						108,717	108,717	1.1476%	0.7502%	
45 Paul Fabbri	25,000				25,000		25,000	0.2639%	0.1983%	
26 Paul M. Wythes, Trustee of The Wythes Living Trust (LAW 7-2-1987)	1,020				1,020		1,020	0.0108%	0.0074%	
39 Paul NicLaud						500	500	0.0053%	0.0034%	
56 Pearson Hoang		31,169			31,169		31,169	0.3202%	0.2001%	
95 Peter Gull				2,000	2,000		2,000	0.0211%	0.0137%	
108 Post Leveraged Loan Master Fund, LP						5,503	5,503	0.0581%	0.0376%	
110 Post Strategic Master Fund, LP						14,766	14,766	0.1559%	0.1009%	
114 Post Total Return Master Fund, LP						7,737	7,737	0.0817%	0.0529%	
121 Prudence Kueh						25,000	25,000	0.2639%	0.1879%	
176 Ray Blaylock						8,500	8,500	0.0887%	0.0571%	
115 Robert Fahman						416,911	416,911	4.4019%	2.7954%	
122 Roger Taylor						25,000	25,000	0.2639%	0.1879%	
96 Roland Ho				18,000	18,000		60,000	0.6234%	0.3260%	
25 Ronald L. Parkes and C. Bruce, Trustees Under Declaration of Trust Dated August 4, 1999	230				230		230	0.0024%	0.0016%	
90 Roy Dickerson				7,500	7,500		7,000	0.1531%	0.0933%	
23 Saunders Holdings, L.P.	1,095				1,095		1,095	0.0116%	0.0074%	
82 Scott Davis, M.D.				4,706	4,706		4,706	0.0497%	0.0322%	
91 Sharon Akis				1,500	1,500		1,500	0.0158%	0.0103%	
18 SHV 06-20-03 Liquidating Partnership	18,294				18,294		18,294	0.1931%	0.1455%	
140 Silvana Agostino						500	500	0.0053%	0.0034%	
48 Siskel Warren		51,943	25,000		76,948		76,948	0.8123%	0.6656%	
54 Sissy Kraiskott				12,000	12,000		12,000	0.1267%	0.0821%	
30 TAC Associates, L.P.				24,602	24,602	562	25,164	0.2654%	0.4620%	
41 TAC Management LLC						4,487	4,487	0.0474%	0.0301%	
136 Tammie Chiu						1,000	1,000	0.0108%	0.0074%	
130 Tammy Jurkalis						4,500	4,500	0.0475%	0.0302%	
28 Tanch Det, Trustee, The Governor's Revocable Trust (LAW 4-23-98)	1,792				1,792		1,792	0.0189%	0.0124%	
47 Terry Hailshorn				27,500	27,500		27,500	0.2822%	0.1860%	
14 Texas Christian University	14,031				14,031		14,031	0.1481%	0.1116%	
15 The James Irvine Foundation	23,385				23,385		23,385	0.2489%	0.1800%	
109 The Opportunity Fund, LLC						7,955	7,955	0.0840%	0.0544%	
27 The Wythes 99 Grandchildren Trust, J. Vallet, P. Wythes, Jr. and T. Wythes Knott, Trustees	3				3		3	0.0000%	0.0000%	
1 Thru Amherst Associates Smalley Living Trust Dated March 4, 2004		218,187	275,000		1,111,083	1,604,265	16,226,191	11.2458%	11.2458%	
39 Three Arch Associates IV, L.P.				7,849	7,849		173	0.0876%	0.1480%	
35 Three Arch Capital, L.P.				520,396	520,396		11,458	5.6144%	9.8111%	
40 Three Arch Management II						7,522	7,522	0.0794%	0.0505%	
42 Three Arch Management IV, LLC						2,991	2,991	0.0316%	0.0207%	
37 Three Arch Partners II, L.P.	155,000			558,971	913,971		913,971	9.6481%	13.3468%	
38 Three Arch Partners IV, L.P.				355,483	355,483	7,813	363,330	3.8352%	6.2020%	
19 TOW Partners	2,848				2,848		2,848	0.0301%	0.0227%	
50 Treks Ventures				69,871	69,871		69,871	0.7316%	0.2154%	
78 Verigo Marcelo				12,000	12,000		5,000	0.1795%	0.1158%	
112 Virginia Retirement System						8,445	8,445	0.0882%	0.0577%	
16 Wesley College	23,385				23,385		23,385	0.2489%	0.1800%	
21 William H. Younger, Jr., Trustee, The Younger Living Trust (LAW 10-20-95)	3,322				3,322		3,322	0.0351%	0.0264%	
101 William H. Younger, Jr., Trustee, The Younger Living Trust (LAW 10-20-95)	14,031				14,031		14,031	0.1491%	0.1116%	
Total	715,000	891,500	452,000	2,693,544	3,078,491	7,800,543	16,712,490	9,871,011	100.0000%	100.0000%
	7.4%	9.4%	4.8%	28.4%	31.0%	81.1%	17.7%	100.0%		

1 Options Warrants totals assume a net exercise

Exhibit B
Escrow Agreement

See attached.

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement"), dated as of _____ (the "Effective Date"), is by and among Humana Inc., a Delaware corporation ("Parent"), Melissa Daniels and Roger Taylor, in their capacity as the joint Stockholder Representative (the "Stockholder Representative") and American Stock Transfer & Trust Company, LLC, as escrow agent (the "Escrow Agent"). Parent and the Stockholder Representative are sometimes referred to herein each as an "Escrow Party" and, collectively, as the "Escrow Parties."

RECITALS

A. WHEREAS, Arcadian Management Services, Inc., a Delaware corporation (the "Company"), certain stockholders of the Company (the "Stockholder Parties"), Parent, Humsol, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent, have entered into that certain Agreement and Plan of Merger, dated as of August __, 2011 (the "Merger Agreement").

B. WHEREAS, the Merger Agreement contemplates that certain funds be placed into an interest bearing escrow account to secure certain obligations of the Stockholder Parties under the Merger Agreement.

C. WHEREAS, the Stockholder Representative is acting on behalf of the Stockholder Parties under this Agreement in his capacity as representative of the Stockholder Parties.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and agreements of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Appointment of Agent. The Escrow Parties hereby appoint the Escrow Agent as their agent to hold in escrow, and to administer the disposition of, the Escrow Funds (as defined hereinafter) in accordance with the terms of this Agreement, and the Escrow Agent accepts such appointment.

2. Establishment of the Escrow Account.

(a) Escrow Account. Upon the execution of this Agreement, Parent will deposit with the Escrow Agent, and the Escrow Agent hereby agrees to accept in its capacity as such, \$25,500,000 (the "Escrow Amount") (such amount and all additional amounts now or hereafter deposited with the Escrow Agent, together with all interest, dividends, and other income earned, shall be referred to as the "Escrow Funds"). The Escrow Funds will be held in an account established by the Escrow Agent.

(b) The Escrow Agent shall promptly upon request acknowledge to the Escrow Parties or any of them receipt of any funds so deposited, and the Escrow Agent shall provide the account information for the account to the Escrow Parties. The Escrow Funds shall be held to secure the obligations of the Stockholder Parties described in the Merger Agreement.

(c) No party hereto shall have the ability to pledge, convey, hypothecate or grant a security interest in any portion of the Escrow Funds unless and until such portion of the Escrow

Funds have been disbursed to such person in accordance with the provisions of this Agreement. Accordingly, no party hereto shall have any right to have or to hold any of the Escrow Funds as collateral for any obligation and shall not be able to obtain a security interest in any assets (tangible or intangible) contained in or relating to any of the Escrow Funds.

3. TIN Certification. Prior to execution of this Agreement, Parent shall provide, and the Stockholder Representative shall provide, to the Escrow Agent a completed IRS Form W-9, and every individual executing this Agreement on his or her own behalf or on behalf of an Escrow Party shall provide to the Escrow Agent a copy of a driver's license, passport, or other form of photo identification acceptable to the Escrow Agent. In addition, each Escrow Party shall provide the Escrow Agent with any other information reasonably requested by the Escrow Agent in connection with any required reporting to any taxing authority.

4. Investment of the Escrow Fund.

(a) Upon written directions from the Stockholder Representative, the Escrow Agent shall invest or reinvest the Escrow Funds, without distinction between principal and income, in the following: one or more short-term market instruments including but not limited to marketable obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities or money market funds subject to the requirements of the Investment Company Act of 1940, as amended, invested in any one or more of the aforementioned types of instruments. Any transaction fee for each purchase, sale, or redemption of securities in the escrow accounts that the Stockholder Representative directs the Escrow Agent to make shall be deducted from the Escrow Funds. In the event that the Escrow Agent does not receive written instructions from the Stockholder Representative, the Escrow Agent shall deposit the Escrow Funds in the Wells Fargo Advantage Government Money Market Fund (#743) at the Escrow Agent. The parties hereto acknowledge and agree that Escrow Agent will not provide supervision, recommendations or advice relating to either the investment of moneys held in the Escrow Funds or the purchase, sale, retention or other disposition of any investment(s) described herein. All investment earnings shall become part of the Escrow Funds and investment losses shall be charged against the Escrow Funds. The Escrow Agent shall have no liability for any loss, cost or penalty arising from or related to any such investment other than in accordance with Section 7 of this Agreement.

(b) The parties hereto agree that, for tax reporting purposes, all dividends, interest on or other income ("Earnings"), if any, attributable to the Escrow Funds, earned in any tax year, which tax year in any tax year shall be the period from January 1-December 31 (each period, a "Tax Year") shall (A) to the extent such income is distributed by the Escrow Agent to any person or entity pursuant to the terms of this Escrow Agreement during such Tax Year, be reported as allocated to such person or entity and (B) otherwise shall be reported as allocated to Parent. Unless otherwise required by law, the parties agree to file all tax returns on a basis consistent with the foregoing reporting. The Escrow Agent annually shall prepare such filings and/or reports as are required consistent with the foregoing treatment of the Escrow Funds. The Escrow Agent shall, at each of the times specified in the last sentence of this Section 4(b), distribute to Parent out of the Escrow Funds, an amount (hereinafter referred to as a "Parent Tax Distribution"), which amount shall not be greater than the remaining amount of Escrow Funds at the time of such Parent Tax Distribution, such that the cumulative aggregate amount of Parent Tax Distributions so made is equal to the product, calculated as of the end of the most recent calendar quarter, of thirty-nine and one-half percent (39.5%) multiplied by the amount of Earnings, if any, attributable to the Escrow Funds and includible in income of Parent pursuant to this Section 4(b). The Escrow Agent shall make Parent Tax Distributions not later than the tenth

day of April, June, September and December (or, if such day is not a Business Day, then the next Business Day thereafter), and the Escrow Agent shall make Parent Tax Distributions to Parent immediately prior to any disbursement of any portion of the Escrow Amount to the Stockholder Representative. Unless directed otherwise, the Escrow Agent shall pay such Parent Tax Distributions to Parent using the wiring instructions on Exhibit C (the "Parent's Account"). For purposes of this Agreement, "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth above is authorized or required by law or executive order to remain closed.

5. Distribution of the Escrow Funds. The Escrow Agent shall hold the Escrow Funds until it releases the Escrow Funds as provided in this Section 5, as follows:

(a) Notwithstanding anything to the contrary herein, if the Escrow Agent receives a written notice to the Escrow Agent which is jointly executed by Parent and the Stockholder Representative ("Written Direction") for the disbursement of funds from the Escrow Funds, the Escrow Agent shall promptly disburse all or any portion of the Escrow Funds in accordance with such Written Direction.

(b) If (i) the Escrow Agent receives a written notice of a claim for Escrow Funds delivered by Parent to the Escrow Agent and a copy is delivered by Parent concurrently to the Stockholder Representative via the same delivery method prior to the 36 Month Payment Date for indemnification pursuant to the Merger Agreement (an "Escrow Claim") and (ii) prior to 5:00 p.m. Pacific Time on the tenth (10th) Business Day after the Escrow Agent's receipt of the Escrow Claim from Parent (the "Objection Period"), the Escrow Agent shall not have received from the Stockholder Representative a written statement disputing all or any part of such Escrow Claim (an "Objection Notice"), then the Escrow Agent shall within three (3) Business Days deliver to Parent (to Parent's Account unless Parent directs otherwise in writing) that portion of the Escrow Fund as may be then available and as may be necessary to pay for such Escrow Claim in full; provided, that the Escrow Agent shall notify the Stockholder Representative via email and facsimile that the Escrow Agent has received an Escrow Claim within two (2) Business Days following receipt of such Escrow Claim. For the avoidance of doubt, to be an effective Escrow Claim, Parent must deliver written notice of the claim for Escrow Funds to the Stockholder Representative on the same date and by the same delivery method as delivered to the Escrow Agent. If the Stockholder Representative delivers an Objection Notice to the Escrow Agent (with a copy to Parent) during the Objection Period, then the portion of such Escrow Claim in dispute shall continue to be held by the Escrow Agent until such dispute is resolved and such portion is released in accordance with Section 5(g) of this Agreement.

(c) On the Post-Closing Adjustment Payment Date (as defined below), the Escrow Agent shall release to the Stockholders (in proportion to each Stockholder's Proportionate Share (as set forth on Exhibit A hereto), unless otherwise directed by the Stockholder Representative) an amount equal to (A) \$3,500,000, plus (B) any Earnings, minus (C) any Parent Tax Distribution, minus (D) any amounts previously deducted from the Escrow Funds to cover Escrow Claims, minus (E) the amount of any then-outstanding Escrow Claims made by Parent; provided, that (i) no amounts shall be added pursuant to clause (B) above to the extent already added to any distribution to the Stockholders pursuant to Sections 5(d), 5(e) or 5(f) and (ii) no amounts shall be deducted pursuant to clauses (C), (D) or (E) above to the extent that such amounts previously reduced the positive amount of any distribution to the Stockholders pursuant to Sections 5(d), 5(e) or 5(f). If the deductions contemplated by the foregoing clauses (C) through (E) yield a negative number, then the Escrow Agent shall not make any distribution on the Post-Closing Adjustment Payment Date. The "Post-Closing Adjustment Payment Date"

means the later of the date that is: (X) two Business Days following (I) delivery by the Stockholder Representative to the Escrow Agent of a notice (delivered concurrently to Parent) stating in good faith that the Closing Value as defined in the Merger Agreement has been finally determined in accordance therewith, provided that (II) within 10 days following such notice, Parent does not deliver to the Escrow Agent a notice (delivered concurrently to Stockholder Representative) that Parent disagrees in good faith that the Closing Value has been finally determined in accordance with the Merger Agreement, and (Y) the date that is the fifteen (15) month anniversary of the Effective Date.

(d) On the date that is eighteen (18) months after the Effective Date (the "18 Month Payment Date"), the Escrow Agent shall distribute to the Stockholders (in proportion to each Stockholder's Proportionate Share, unless otherwise directed in writing by the Stockholder Representative) an amount equal to (A) \$9,500,000, plus (B) any Earnings, minus (C) any Parent Tax Distribution minus (D) amounts, if any, previously deducted from the Escrow Funds to cover Escrow Claims, minus (E) the amount, if any, of any then-outstanding Escrow Claims by Parent; provided, that (x) no amounts shall be added pursuant to clause (B) above to the extent already added to any distribution to the Stockholders pursuant to Section 5(c) and (y) no amounts shall be deducted pursuant to clauses (C), (D) or (E) above to the extent that such amounts previously reduced the positive amount of any distribution to the Stockholders pursuant to Section 5(c).

(e) On the date that is twenty-four (24) months after the Effective Date (the "24 Month Payment Date"), the Escrow Agent shall distribute to the Stockholders (in proportion to each Stockholder's Proportionate Share, unless otherwise directed in writing by the Stockholder Representative) an amount equal to (A) \$9,500,000, plus (B) any Earnings, minus (C) any Parent Tax Distribution minus (D) amounts, if any, previously deducted from the Escrow Funds to cover Escrow Claims, minus (E) the amount, if any, of any then-outstanding Escrow Claims by Parent; provided, that (x) no amounts shall be added pursuant to clause (B) above to the extent already added to any distribution to the Stockholders pursuant to Sections 5(c) or 5(d) and (y) no amounts shall be deducted pursuant to clauses (C), (D) or (E) above to the extent that such amounts previously reduced the positive amount of any distribution to the Stockholders pursuant to Section 5(c) or 5(d).

(f) On the date that is thirty-six (36) months after the Effective Date (the "36 Month Payment Date") and together with the Post-Closing Adjustment Payment Date, the 18 Month Payment Date and the 24 Month Payment Date, the "Escrow Payment Dates" and each, an "Escrow Payment Date"), the Escrow Agent shall distribute to the Stockholders (in proportion to each Stockholder's Proportionate Share, unless otherwise directed in writing by the Stockholder Representative) an amount equal to the then-remaining balance of the Escrow Funds, minus (A) the amount, if any, of any then-outstanding Escrow Claims made in good faith by Parent and, if (and only if) the Post-Closing Adjustment Date has not yet occurred, minus (B) \$3,500,000.

(g) To the extent that any portion of the Escrow Funds is not released at any of the Escrow Payment Dates because it is subject to Escrow Claims pending at such Escrow Payment Date, such remaining Escrow Funds shall be disbursed by the Escrow Agent only pursuant to a Written Direction or a Final Order (as applicable), in each case, in accordance with the instructions specified therein. Upon final resolution of any pending Escrow Claim in accordance with this Section 5, Parent and the Stockholder Representative shall promptly deliver a Written Direction or Final Order, as applicable, to the Escrow Agent, and upon receipt of such Written Direction or Final Order, the Escrow Agent shall promptly release that portion of the Escrow

Funds reserved for payment of such Escrow Claim to the parties specified in such Written Direction or Final Order. Following the occurrence of all Escrow Payment Dates and the final resolution of all Escrow Claims in accordance with this Section 5, the Escrow Agent shall release the balance of the Escrow Fund, if any, to such parties as are directed by the Stockholder Representative.

(h) The Escrow Agent shall not pay out any portion of the Escrow Funds with respect to the matter(s) covered by an Escrow Claim until otherwise notified in a Written Direction or pursuant to a Final Order.

(i) Notwithstanding anything to the contrary in this Agreement:

(i) if at any time the Escrow Agent receives either an order of a court of competent jurisdiction or an order of an arbitrator (each, a "Final Order") (with copies to the Stockholder Representative and Parent), which resolves any portion of an Escrow Claim in favor of Parent, then the Escrow Agent shall, no sooner than five (5) Business Days thereafter and no later than ten (10) Business Days thereafter, deliver to Parent, by wire transfer of immediately available funds, all or any portion, as the case may be, of the Escrow Funds in compliance with such Final Order;

(ii) if at any time the Escrow Agent receives a Final Order (with copies to the Stockholder Representative and Parent) which resolves any portion of an Escrow Claim in favor of the Stockholder Representative or any Stockholder Party, then, five (5) Business Days thereafter, such portion of the Escrow Claim shall no longer be deemed pending and (A) if the amount which was reserved for payment of that portion of the Escrow Claim would have been released to the Stockholders (or at the direction of the Stockholder Representative) pursuant to any of Sections 5(c), 5(d), 5(e) or 5(f) but for the pendency of such Escrow Claim, then the Escrow Agent shall, no sooner than five (5) Business Days after receipt of such Final Order and no later than ten (10) Business Days thereafter, deliver to such parties, as directed by the Stockholder Representative, by wire transfer of immediately available funds, an amount equal to the amount reserved for payment of that portion of the Escrow Claim; and (B) if the amount which was reserved for payment of that portion of the Escrow Claim would not have been released to the Stockholders (or at the direction of the Stockholders Representative) pursuant to any of Sections 5(c), 5(d), 5(e) or 5(f) but for the pendency of such Escrow Claim, then such amount shall remain in the Escrow Fund and shall be eligible for release in accordance with Sections 5(c), 5(d), 5(e) or 5(f) (as applicable); and

(iii) upon the delivery of all of the Escrow Funds as provided in this Section 5; the Escrow Agent shall thereupon be released and discharged from any and all further obligations arising in connection with this Agreement.

(j) The Escrow Parties acknowledge and agree that the Escrow Agent shall be entitled absolutely to rely and act upon any such Final Order received, upon the expiry of five (5) Business Days of the Escrow Agent's receipt thereof (provided that the party against whom the Final Order operates has also been provided with a copy of such Final Order by a court, arbitrator, Parent, the Stockholder Representative or otherwise), unless within such five (5) Business Day period a court with applicable jurisdiction orders the Escrow Agent not to so rely and act.

6. Fees, Costs and Expenses. Except as specifically set forth in Section 4: (a) Parent shall pay all activity charges as per the current fee schedule, which is attached hereto as Exhibit B, and

(b) Parent shall be responsible to the Escrow Agent for and bear the reimbursement of the Escrow Agent upon demand for all expenses, disbursements, and advances incurred or made by the Escrow Agent in connection with this Agreement. If any fees, expenses, or costs incurred by, or any obligations owed to, the Escrow Agent hereunder are not promptly paid when due, then the Escrow Agent may reimburse itself therefor from the Escrow Funds; provided, however, that the Escrow Agent shall give prompt notice thereof to the Escrow Parties prior to such reimbursement.

7. Responsibilities and Liability of the Escrow Agent.

(a) Duties Limited. The duties, responsibilities and obligations of the Escrow Agent shall be limited to those expressly set forth herein and no duties, responsibilities, or obligations shall be inferred or implied. The Escrow Agent shall (i) safeguard and treat the Escrow Funds as a trust fund in accordance with the provisions of this Agreement for the benefit of the Escrow Parties, and (ii) hold and dispose of the Escrow Funds only in accordance with the provisions of this Agreement. The Escrow Agent shall not be subject to, or required to comply with, any other agreement between or among any or all of the Escrow Parties or to which any Escrow Party is a party, even though reference thereto may be made herein, or to comply with any direction or instruction (other than those delivered in accordance with this Agreement) from any Escrow Party or any entity acting on its behalf.

(b) Limitations on Liability of the Escrow Agent.

(i) The Escrow Agent shall not be liable for any action taken or omitted or for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder in the absence of fraud, gross negligence or willful misconduct on its part. In no event shall the Escrow Agent be liable (1) for acting in accordance with or relying upon any instruction (including any Written Direction), notice, demand, order (including any Final Order), judgment, opinion, statement, certificate or document from any Escrow Party or any entity acting on behalf of any Escrow Party in accordance with this Agreement, or (2) for any incidental, indirect, consequential, punitive or special damages of any kind whatsoever (including lost profits), even if Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

(ii) The Escrow Agent may consult with legal counsel and shall not incur any liability and shall be fully indemnified from any liability whatsoever in acting in good faith in accordance with any advice from legal counsel.

(iii) Notwithstanding anything to the contrary hereunder, Escrow Agent shall not be liable for any delay, failure to perform, or other act or non-act resulting from acts beyond its reasonable control, including but not limited to any act or provision of any present or future law or regulation or governmental authority, acts of God, the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, terrorism, shortage of supply, labor difficulties (including strikes), war, civil unrest, fire, floods, electrical outages, equipment or transmission failures, internet interruption, vendor failures (including information technology providers), and other similar causes.

(iv) Without limiting the Escrow Agent's obligation to comply with a Final Order as provided herein, if at any time the Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects the Escrow Funds (including but not limited to orders of attachment or

garnishment or other forms of levies or injunctions or stays relating to the transfer of the Escrow Funds), then the Escrow Agent is authorized to comply therewith in any manner as it or its legal counsel of its own choosing deems appropriate, without determination by Escrow Agent or its legal counsel of such court or administrative agency's jurisdiction in the matter; and if the Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, then the Escrow Agent shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

(v) In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Escrow Agent hereunder, the Escrow Agent may, in its sole discretion, upon providing written notice to the Escrow Parties, refrain from taking any action other than retaining possession of the Escrow Funds, unless the Escrow Agent receives joint written instructions, signed by Parent and the Stockholder Representative, which eliminates such ambiguity or uncertainty.

(vi) In the event of any dispute between or conflicting claims by or among the Escrow Parties and any other person or entity with respect to any Escrow Funds, the Escrow Agent shall be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions with respect to such Escrow Funds so long as such dispute or conflict shall continue, and the Escrow Agent shall not be or become liable in any way to the Escrow Parties for failure or refusal to comply with such conflicting claims, demands or instructions. The Escrow Agent shall be entitled to refuse to act until, in its sole discretion, either (1) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Escrow Agent, or (2) the Escrow Agent shall have received security or an indemnity satisfactory to it sufficient to hold it harmless from and against any and all Losses (as defined below) which it may incur by reason of so acting. The Escrow Parties authorize the Escrow Agent, if the Escrow Agent is threatened with litigation or is sued, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, necessary.

(c) Indemnification of the Escrow Agent. As between Stockholder's Representative and Parent, indemnity of the Escrow Agent shall be split equally, but as between any Escrow Party and the Escrow Agent, the Stockholder Representative and Parent shall jointly and severally indemnify and hold harmless the Escrow Agent against any and all actions, claims, losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) (collectively, "Losses") incurred by or asserted against the Escrow Agent from and after the date hereof, arising from any claim, demand, suit, action or proceeding in connection with the performance by the Escrow Agent of this Agreement or any transactions contemplated hereby; provided, however, that the Escrow Agent shall not have the right to be indemnified hereunder for any liability finally determined by a court of competent jurisdiction, subject to no further appeal, to the extent such liability arose from, related to or was in connection with the willful misconduct, bad faith or gross negligence of the Escrow Agent.

(d) Taxes; Reporting. The Escrow Agent does not have any interest in the Escrow Funds deposited hereunder but is serving as escrow holder only and has only possession thereof. The Escrow Parties agree that each shall pay or reimburse equally the Escrow Agent upon request for any transfer taxes or other taxes relating to the Escrow Funds incurred in connection

herewith and shall indemnify and hold harmless the Escrow Agent for any amounts that it is obligated to pay in the way of such taxes. Any payments from the Escrow Funds shall be subject to applicable withholding regulations then in force with respect to United States taxes.

8. Removal or Resignation of the Escrow Agent. The Escrow Agent (and any successor Escrow Agent) may at any time resign as such by delivering not less than 30 days' advance notice of its resignation to Parent and the Stockholder Representative specifying a date when such resignation shall take effect and delivering the Escrow Funds to a successor Escrow Agent jointly designated by Parent and the Stockholder Representative in writing. The Escrow Agent's resignation shall not be effective until (a) such appointment has been made, (b) the Escrow Funds have been delivered to the successor Escrow Agent, and (c) the successor's acceptance of this Agreement and receipt for the Escrow Funds from the successor Escrow Agent and copies thereof shall have been sent to Parent and the Stockholder Representative. Upon their receipt of notice of resignation from the Escrow Agent, the Escrow Parties shall use reasonable efforts to designate jointly a successor Escrow Agent. In the event the Escrow Parties do not designate jointly within 60 days after the receipt of such notice, the Escrow Agent may petition a court of competent jurisdiction for the appointment of a successor Escrow Agent. The Escrow Agent may be removed, with or without cause, by 10 days' written notice to the Escrow Agent from the Escrow Parties. The Escrow Agent or successor Escrow Agent shall continue to act as the Escrow Agent until a successor is appointed and qualified to act as the Escrow Agent in accordance with this Section. Any Person into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any Person to which all or substantially all the escrow business of the Escrow Agent's corporate trust services business (including the administration of the Escrow Fund) may be transferred, shall be the Escrow Agent under this Agreement without further act.

9. Accounting. The Escrow Agent shall provide to Parent and the Stockholder Representative monthly statements identifying transactions, transfers or holdings of the Escrow Funds. The Escrow Agent shall also provide such additional information relating to the Escrow Funds to Parent and/or the Stockholder Representative as reasonably requested by such party from time to time.

10. Survival. Notwithstanding anything in this Agreement to the contrary, the provisions of Sections 6, 7(b) and 7(c) shall survive any resignation or removal of the Escrow Agent and any termination of this Agreement.

11. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all prior agreements, understandings, term sheets or letters of intent, between the Escrow Parties, on the one hand, and the Escrow Agent, on the other hand, with respect to the subject matter of this Agreement.

12. Notices. All notices and other communications required or permitted by this Agreement shall be in writing and shall be (a) delivered to the appropriate address by hand, by nationally recognized overnight service or by courier service (costs prepaid); (b) sent by facsimile or e-mail, or (c) sent by registered or certified mail, return receipt requested, in each case to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties hereto):

If to the Stockholder Representative, to:

Melissa Daniels
c/o Debra Abramovitz, Executive Director
Morgan Stanley Venture Partners
1585 Broadway, 39th Floor
New York, NY 10036
Facsimile: (212) 507-3971

If to Parent, to:

Humana Inc.
500 West Main Street
Louisville, KY 40202
Attention: Ralph Wilson
Facsimile: (502) 580-2799
Email: rwilson@humana.com

with a copy (which shall not constitute notice)
to:

Sheppard Mullin Richter & Hampton, LLP
333 S. Hope Street, 48th Floor
Los Angeles, CA 90071
Attention: Lawrence M. Braun, Esq.
Facsimile: (213) 443-2814

with a copy (which shall not constitute notice)
to:

Locke Lord Bissell & Liddell, LLP
111 South Wacker Drive
Chicago, IL 60606
Attention: Jon Biasetti Esq.
Facsimile: (312) 443-0336

If to the Escrow Agent, to:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Attention: Joseph M. Smith, Corporate Actions
Facsimile: (718) 765-8758
Email: jsmith@amstock.com

with a copy (which shall not constitute notice) to:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Attention: General Counsel

All notices, waivers and other communications shall be deemed have been duly given (as applicable): (i) if delivered by hand, when delivered by hand; (ii) if delivered by overnight service, when delivered by nationally recognized overnight service; if delivered by courier, when delivered by courier; (iii) if sent via registered or certified mail, five (5) Business Days after being deposited in the mail, postage prepaid; or (iv) if delivered by email or facsimile, when transmitted if transmitted prior to 5:00 p.m. local time for the recipient without indication of delivery failure (and if transmitted after 5:00 p.m. local time for the recipient without indication of delivery failure, then delivery will be deemed duly given at 9:00 a.m. local time for the recipient on the subsequent Business Day). In all cases, the Escrow Agent shall be entitled to rely on an email, copy or a fax transmission of any document with the same legal effect as if it were the original of such document. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

13. Representations and Warranties of the Parties. Each party hereto hereby represents and warrants (a) that this Agreement has been duly authorized, executed and delivered on its behalf and constitutes its legal, valid and binding obligation and (b) that the execution, delivery and performance of this Agreement by such party does not and will not violate any applicable law or regulation.

14. Successors and Assigns. Except as provided in Section 8 hereof, this Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto without the prior written consent of the other parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person other than the parties hereto any right, remedy or claim under or by reason of this Agreement.

15. Counterparts. This Agreement and each document to be executed and delivered pursuant to this Agreement may be executed and delivered in counterpart signature pages executed and delivered via facsimile transmission or via email with scan attachment, and any such counterpart executed and delivered via facsimile transmission or via email with scan attachment will be deemed an original for all intents and purposes.

16. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such state, without reference to conflicts-of-law principles thereof.

17. Arbitration. Any controversy or dispute arising out of this Agreement, the interpretation of any provision hereof, or the action or inaction of any party hereunder shall be submitted to JAMS, Inc. for arbitration in Los Angeles, California, under the commercial arbitration rules then in force for that organization. The arbitration shall be conducted by a single arbitrator (the "JAMS Arbitrator") chosen pursuant to the procedures of JAMS, Inc. The JAMS Arbitrator shall issue a written opinion with reasons setting forth his or her decision which shall be based on the substantive laws of the State of Delaware, without reference to conflicts-of-law principles thereof. Any award or decision issued in any such arbitration proceeding shall be final and binding on the parties, and judgment upon any award thus obtained may be entered in any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any party hereto except: (a) an action to compel arbitration pursuant to this Section 17, or (b) an action to enforce an award obtained in an arbitration proceeding in accordance with this Section 17. Notwithstanding the foregoing, a party may apply to a court for injunctive or other provisional relief pending final determination by the JAMS Arbitrator. Venue and jurisdiction under this Section 17 shall be exclusively in any federal or state court located within Los Angeles, California. Each party hereby irrevocably consents and submits to the exclusive personal jurisdiction of and venue in such courts, and agrees to accept service of process with respect thereto. The costs of the arbitration shall be borne in proportion to relative fault as determined by the JAMS Arbitrator.

18. Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof or thereof may be waived, only by a written instrument signed by the Escrow Agent, Parent and the Stockholder Representative, or, in the case of a waiver, by the party waiving compliance. The failure of a party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition. No waiver on the part of any party of any

right, power or privilege, nor any single or partial exercise of any such right, power or privilege, shall preclude any further exercise thereof or the exercise of any other such right, power or privilege.

19. Partial Invalidity. Wherever possible, each provision hereof shall be interpreted in such a manner as to be effective and valid under applicable law. In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability, without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

20. Interpretation. The article and section headings in this Agreement are inserted for convenience only and are not intended to affect the interpretation of this Agreement. Any reference in this Agreement to any article or section refers to the corresponding article or section of this Agreement unless otherwise stated. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

21. Dealings. Subject to compliance with applicable laws, Escrow Agent and any stockholder, director, officer or employee of Escrow Agent may buy, sell, and deal in any of the securities of Parent, Company or Stockholder Representative and become pecuniarily interested in any transaction in which Parent, Company or Stockholder Representative may be interested, and contract and lend money to Parent, Company or Stockholder Representative and otherwise act as fully and freely as though it were not Escrow Agent under this Agreement. Subject to compliance with applicable laws, nothing herein shall preclude Escrow Agent from acting in any other capacity for Parent, Company or Stockholder Representative or for any other entity.

22. Time Is of the Essence. Time is of the essence with respect to all time periods and dates set forth herein.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

“STOCKHOLDER REPRESENTATIVE”

Name: Melissa Daniels

Name: Roger Taylor

“PARENT”

HUMANA INC.

Name: _____
Title: _____

“ESCROW AGENT”

AMERICAN STOCK TRANSFER & TRUST
COMPANY, LLC

Name: _____
Title: _____

[Signature Page to Escrow Agreement]

EXHIBIT A**Proportionate Share**

Stockholder Name	Total	Proportionate Share
152245 Canada Inc. Power Corporation of Canada	14,027	0.1481%
Abbas Sabbah	20,779	0.2193%
Acacia Management, L.P.	53,680	0.5667%
Alexander Kugelman	15,000	0.1583%
Alexander Zimmerman	19,074	0.2014%
Alice Sykes	10,000	0.1056%
Allen Wise	311,688	3.2903%
Amberbrook III, LLC	4,677	0.0494%
Amberbrook V, LLC	9,354	0.0987%
Amy Johnson	1,000	0.0106%
Anna Huggins	500	0.0053%
Arvest, L.P.	1,095	0.0116%
Asakti Priyadarshine	3,000	0.0317%
Beach Point Distressed Master Fund, LP	5,689	0.0601%
Bob Christoff	3,483	0.0368%
Brad Luke	7,458	0.0787%
Brian Smith	271	0.0029%
C. Sage Givens Revocable Trust DTD 12/15/04	12,500	0.1320%
Carolyn Mathews	7,500	0.0792%
Charles E. Paff	7,500	0.0792%
Chase S. Milbrandt	270,000	2.8502%
Cheryl Perkins	426,474	4.5020%
Chester Brown	200	0.0021%
Cristina Lopez-Pollard	5,000	0.0528%
Crosley Williamson	2,353	0.0248%
Curtis Terry	50,000	0.5278%
Dan Dyer	17,000	0.1795%
Dave Lontok	125,000	1.3195%
David Buhler	25,000	0.2639%
David L. Anderson, Trustee, The Anderson Living Trust U/A/D 1/22/98	3,050	0.0322%
David S. Heer	1,250	0.0132%
Doug Crispell	5,000	0.0528%
Douglas Nelson, M.D.	4,706	0.0497%
Edward Blumenstock	51,948	0.5484%
Edwin Eleco	2,000	0.0211%

Elise Heer	1,250	0.0132%
Elizabeth Webster	10,750	0.1135%
Ewing Marion Kauffman Foundation	18,708	0.1975%
Fleet Equity Partners VII, L.P.	3,508	0.0370%
Fleet Growth Resources, Inc	19,878	0.2098%
Fred Fauvre, M.D.	4,706	0.0497%
Frederick Menninger, M.D.	4,000	0.0422%
Garrison Rios	220,000	2.3224%
Gary Herzberg	16,354	0.1726%
Gary Intersimone	625	0.0066%
Genstar Investment LLC	719	0.0076%
George Leonard Baker, Jr., Trustee, Baker Revocable Trust U/AD 03/03/03	3,050	0.0322%
Gordon Clawson, M.D.	4,706	0.0497%
HarbourVest Partners VIII Venture Fund, L.P.	23,385	0.2469%
Heidi Sullivan	25,000	0.2639%
Helene Jo	15,000	0.1583%
James Anderson	5,000	0.0528%
James C. Gaither, Trustee, The Gaither Revocable Trust 09/28/2000	164	0.0017%
James Carmichael	16,000	0.1689%
Janelle Kidolis-Johnson	1,000	0.0106%
Jeff Santana	5,000	0.0528%
Jeffrey McManus	124,706	1.3164%
Jennifer Smith	6,000	0.0633%
Jim Novello	20,000	0.2111%
Joan Robnett	10,500	0.1108%
John Wells	50,000	0.5278%
JRSL Family LLC	25,000	0.2639%
Kelly Lencioni	500	0.0053%
Ken Zimmerman	507,926	5.3618%
Kenneth Bryan	7,188	0.0759%
Kenneth Hartenstein, M.D.	4,706	0.0497%
Khaled Ghaly	2,000	0.0211%
Kim Houska	3,000	0.0317%
Knightsbridge Integrated Holdings II Partnership	17,511	0.1849%
Knightsbridge Netherlands I, L.P. c/o Knightsbridge Advisers	5,875	0.0620%
Laurie Wilson	15,000	0.1583%
Lawrence D. Kugelman	15,000	0.1583%
Lawrence N. and Ducie Kugelman Living Trust Dated May 1988	296,312	3.1280%
Les Granow	250,706	2.6465%

Lisa Henry	3,000	0.0317%
Marilyn Warren	76,948	0.8123%
Map 90 Segregated Portfolio of LMA SPC	4,391	0.0464%
Mark Lopez	11,438	0.1207%
Massachusetts Institute of Technology Retirement Plan	14,031	0.1481%
Matt Orlando	2,500	0.0264%
Max Roytenberg	6,987	0.0738%
Melanie School	677	0.0071%
Mihir Shah	4,000	0.0422%
Miles Williamson	2,353	0.0248%
Mindy Cooper-Smith, M.D.	4,706	0.0497%
Morgan Stanley & Co.	54,487	0.5752%
Morgan Stanley Dean Witter Venture Investors IV, L.P.	56,146	0.5927%
Morgan Stanley Dean Witter Venture Offshore Investors IV, L.P.	18,881	0.1993%
Morgan Stanley Dean Witter Venture Partners IV, L.P.	491,445	5.1878%
Morgan Stanley Venture Investors 2002 Fund, L.P.	128,893	1.3606%
Morgan Stanley Venture Partners 2002 Fund, L.P.	437,578	4.6192%
Nancy Freeman	300,000	3.1669%
Nassau Capital Funds, L.P.	36,352	0.3837%
Patrick Ross	108,717	1.1476%
Paul Felton	25,000	0.2639%
Paul M. Wythes, Trustee of The Wythes Living Trust U/A/D 7/21/87	1,020	0.0108%
Paul McLeod	500	0.0053%
Pearson Huang	31,169	0.3290%
Peter Goll	2,000	0.0211%
Post Leveraged Loan Master Fund, LP	5,503	0.0581%
Post Strategic Master Fund, LP	14,766	0.1559%
Post Total Return Master Fund, LP	7,737	0.0817%
Prudence Kuai	25,000	0.2639%
Ray Blaylock	8,500	0.0897%
Robert Fahlman	416,911	4.4010%
Roger Taylor	25,000	0.2639%
Rolland Ho	78,000	0.8234%
Ronald L. Perkins and C. Bruce, Trustees Under Declaration of Trust Dated August 4, 1999	230	0.0024%
Roy Dickerson	14,500	0.1531%
Saunders Holdings, L.P.	1,095	0.0116%
Scott Davis, M.D.	4,706	0.0497%
Sharon Alvis	1,500	0.0158%
SHV 06-30-03 Liquidating Partnership	18,294	0.1931%

EXHIBIT B

FEE SCHEDULE

One Time Administration Fee.....\$3,500.00

The one time administration fee is due upon funding of the escrow.

To help fight the funding of terrorism and money laundering activities and in compliance with the U.S. Patriot Act legislation, Federal Law requires all financial institutions to obtain, verify and record information that identifies each client who opens an account. To this extent, please provide all contact information for parties to the Agreement including Tax ID/identification numbers.

EXHIBIT C

Parent's Account

[To come]

Bank Name:

Bank Address:

ABA No.:

SWIFT Code:

Account Number:

Ref: Humana/Arcadian Escrow Funds

Exhibit C
Stockholder Consent

See attached.

**WRITTEN CONSENT
OF STOCKHOLDERS
OF
ARCADIAN MANAGEMENT SERVICES, INC.
BY LESS THAN UNANIMOUS CONSENT**

August 24, 2011

The undersigned, being stockholders of Arcadian Management Services, Inc., a Delaware corporation (the "Corporation"), pursuant to Section 228(a) of the Delaware General Corporations Law (the "DGCL") and the Corporation's Bylaws, hereby adopt the following resolutions, effective as of August 24, 2011, without the holding of a meeting, such resolutions to have the same force and effect as if they had been adopted at a duly called and held meeting of the stockholders of the Corporation, and deliver this Written Consent to the Corporation for inclusion of the minutes and filing with the corporate records of the Corporation.

RECITALS

WHEREAS, the Corporation has entered into that certain Agreement and Plan of Merger dated as of August 24, 2011 by and among Humana Inc., a Delaware corporation ("Parent"), Humsol, Inc., a Delaware corporation and wholly-owned subsidiary of Parent ("Merger Sub"), the Corporation and certain stockholders of the Corporation's party thereto, in substantially the form attached hereto as Exhibit A (including the exhibits thereto, the "Merger Agreement");

WHEREAS, pursuant to and in accordance with the terms of the Merger Agreement, at the Effective Time (as defined in the Merger Agreement) Merger Sub will be merged with and into the Corporation in a statutory merger, the separate corporate existence of Merger Sub will cease and the Corporation will continue as the surviving corporation (the "Merger");

WHEREAS, the Board of Directors of the Corporation (the "Board") has determined that the Merger Agreement, and the transactions contemplated thereby, are advisable, fair to and in the best interests of the Corporation and its stockholders and have approved and adopted such agreements and the transactions in all respects;

WHEREAS, the Board has directed that the Merger Agreement and the transactions contemplated thereby, be submitted to the stockholders of the Corporation for their approval, and has unanimously recommended that the stockholders approve the Merger Agreement and the transactions contemplated thereby;

WHEREAS, there was an aggregate of 3,028,493 shares of Common Stock, 4,772,050 shares of Preferred Stock and 2,693,544 of Series C Preferred Stock of the Corporation issued and outstanding as of the record date determined by the Board for purposes of determining the stockholders entitled to vote on the Merger Agreement and the transactions contemplated thereby (the "Record Date");

WHEREAS, the undersigned stockholders hold an aggregate of 1,567,473 shares of Common Stock representing approximately 51.75% of the issued and outstanding shares of Common Stock of the Corporation as of the Record Date; 4,197,270 shares of Preferred Stock representing approximately 87.96% of the issued and outstanding shares of Preferred Stock of the Corporation as of the Record Date and 2,613,186 shares of Series C Preferred Stock of the Corporation representing approximately 97.02% of the issued and outstanding shares of Series C Preferred Stock of the Corporation as of the Record Date.

RESOLUTIONS

NOW, THEREFORE, BE IT RESOLVED, that each of the undersigned hereby approves and adopts the Merger Agreement and the transactions contemplated thereby in all respects:

RESOLVED FURTHER, that each of the undersigned hereby acknowledges receipt of an information summary in the form attached hereto as Exhibit B (the "Information Statement") relating to the adoption of the Merger Agreement, the approval of the Merger by the Corporation's Stockholders;

RESOLVED FURTHER, that each of the undersigned hereby approves the designation of Roger Taylor and Melissa Daniels as the joint representative (together, the "Stockholder Representative") in accordance with Section 13.1 of the Merger Agreement and agrees to be bound and abide by all actions taken and documents executed by the Stockholder Representative in accordance with the terms of the Merger Agreement and each other document or instrument executed and delivered or to be executed and delivered in connection therewith;

RESOLVED FURTHER, that all actions previously taken by the Board of the Corporation in connection with the Merger Agreement and the transactions contemplated thereby and the matters referred to in the foregoing resolutions are hereby approved, adopted, ratified and confirmed in all respects; and

RESOLVED FURTHER, that the Corporation is authorized, and its officers are authorized and empowered, in the name and on behalf of the Corporation, to take or cause to be taken all such further actions and to execute and deliver or cause to be executed and delivered, in the name and on behalf of the Corporation, all such further agreements, documents, and undertakings and to incur and pay all such costs, fees and expenses as in their judgment shall be necessary, appropriate or convenient to carry into effect the purposes and intent of any and all of the foregoing resolutions and the transactions contemplated thereby, the performance of such action or the execution of such agreements, instruments, certificates or other documents and any such payments to be conclusive evidence of the exercise of the discretionary authority conferred herein.

The undersigned have executed this Written Consent as of the date first set forth above, and the resolutions adopted by this Written Consent shall be as validly adopted as if at a duly-noticed meeting of the stockholders of the Corporation.

[SIGNATURE PAGES FOLLOW]

Kenneth B. Zimmerman
Number of Common Shares: 434,176

THIRD AMENDED AUSTIN/SMALLEY LIVING
TRUST DATED MARCH 4, 2004

By: _____
Name: Jacqueline A. Smalley
Title: Trustee
Number of Common Shares: 1,111,083

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By: _____
Name: Lawrence N. Kugelman
Title: Trustee
Number of Common Shares: 21,508

Les Granow
Number of Common Shares: 706

THREE ARCH PARTNERS II, L.P.
By: Three Arch Management II, L.L.C.,
its General Partner

By: _____
Name:
Title:
Number of Preferred A Shares: 355,000

THIRD AMENDED AUSTIN/SMALLEY LIVING
TRUST DATED MARCH 4, 2004

By: _____
Name: Jacqueline A. Smalley
Title: Trustee
Number of Preferred B Shares: 218,182

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By: _____
Name: Lawrence N. Kugelman
Title: Trustee
Number of Preferred B Shares: 106,870

Alexander Kugelman
Number of Preferred B Shares: 11,500

Stryker Warren
Number of Preferred B Shares: 51,948

Marilyn Warren
Number of Preferred B Shares: 51,948

Edward Blumenstock
Number of Preferred B Shares: 51,948

Allen F. Wise
Number of Preferred B Shares: 311,688

THIRD AMENDED AUSTIN/SMALLEY LIVING
TRUST DATED MARCH 4, 2004

By: _____
Name: Jacqueline A. Smalley
Title: Trustee
Number of Preferred B-1 Shares: 275,000

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By: _____
Name: Lawrence N. Kugelman
Title: Trustee
Number of Preferred B-1 Shares: 100,000

Stryker Warren
Number of Preferred B-1 Shares: 25,000

Marilyn Warren
Number of Preferred B-1 Shares: 25,000

THREE ARCH CAPITAL, L.P.

By: TAC Management, L.L.C., its General Partner

By: _____
Name:
Title:
Number of Preferred C Shares: 520,396

TAC ASSOCIATES, L.P.

By: TAC Management, L.L.C., its General Partner

By: _____
Name:

Title:
Number of Preferred C Shares: 24,602

THREE ARCH PARTNERS II, L.P.
By: Three Arch Management II, L.L.C.,
its General Partner

By: _____
Name:
Title:
Number of Preferred C Shares: 558,971

THREE ARCH PARTNERS IV, L.P.
By: Three Arch Management IV, L.L.C., its
General Partner

By: _____
Name:
Title:
Number of Preferred C Shares: 355,483

THREE ARCH ASSOCIATES IV, L.P.
By: Three Arch Management IV, L.L.C., its
General Partner

By: _____
Name:
Title:
Number of Preferred C Shares: 7,849

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By: _____
Name: Lawrence N. Kugelman
Title: Trustee
Number of Preferred C Shares: 24,442

Alexander Kugelman
Number of Preferred C Shares: 3,500

MORGAN STANLEY DEAN WITTER VENTURE
PARTNERS IV, L.P.

By: _____
Name: Melissa M. Daniels
Title: Managing Member
Number of Preferred C Shares: 483,945

MORGAN STANLEY DEAN WITTER VENTURE
INVESTORS IV, L.P.

By: _____
Name: Melissa M. Daniels
Title: Managing Member
Number of Preferred C Shares: 56,146

MORGAN STANLEY DEAN WITTER VENTURE
OFFSHORE INVESTORS IV, L.P.

By: _____
Name: Melissa M. Daniels
Title: Managing Member
Number of Preferred C Shares: 18,881

MORGAN STANLEY VENTURE PARTNERS 2002
FUND, L.P.

By: _____
Name: Melissa M. Daniels
Title: Managing Member
Number of Preferred C Shares: 430,078

MORGAN STANLEY VENTURE INVESTORS
2002 FUND, L.P.

By: _____
Name: Melissa M. Daniels
Title: Managing Member
Number of Preferred C Shares: 128,893

EXHIBIT A
MERGER AGREEMENT

See Annex A to Exhibit B.

EXHIBIT B
INFORMATION STATEMENT

See attached.

Exhibit D

Statutory Reserve Requirements

Company Subsidiary	Statutory Reserve Requirement*	Target Statutory Reserve
Arcadian Health Plan, Inc.	16,030,765	27,259,307.20**
Arkansas Community Care, Inc.	4,001,851	8,003,703
Arcadian Health Plan of Georgia, Inc.	1,671,998	4,179,996
Arcadian Health Plan of Louisiana, Inc.	2,229,608	4,459,216
Arcadian Health Plan of North Carolina, Inc.	1,744,983	3,489,967
Arcadian Choice, Inc.	0	0
Arcadian Health Plan of New York, Inc.	673,653	1,347,305
Total	26,352,858	53,541,716

* Authorized Control Level as of June 30, 2011

** This is 32,061,529 less 60% of the target Statutory Reserve of Arkansas Community Care, Inc. (i.e., 60% of 8,003,703 = 4,802,221.80)

Disclosure Schedules
to
Agreement and Plan of Merger

These Disclosure Schedules are hereby delivered in accordance with, and constitute a part of, that certain Agreement and Plan of Merger (the "**Agreement**"), dated as of August 24, 2011, by and among Humana, Inc., a Delaware corporation ("**Parent**"), Humsol, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent ("**Merger Sub**"), Arcadian Management Services, Inc., a Delaware corporation (the "**Company**"), and the stockholders of the Company that are signatories thereto (each individually a "**Stockholder Party**" and collectively the "**Stockholder Parties**").

Any capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Agreement. Each reference to an agreement, contract, list, instrument, matter or other item in these Disclosure Schedules shall be deemed to incorporate herein such referenced item in its entirety and the terms thereof. Nothing contained herein is intended to broaden the scope of any representation or warranty contained in the Agreement or to create any covenant on the part of any of the Company, the Company Subsidiaries or the Stockholder Parties. The disclosure of any item in these Disclosure Schedules shall not be construed as an admission or indication that such item is required to be disclosed under the Agreement, as some items have been included herein for informational purposes only.

Any item disclosed in one schedule of these Disclosure Schedules shall be deemed a disclosure for purposes of any other schedule of these Disclosure Schedules to the extent the application of such disclosure to such other schedule is reasonably apparent on its face. Headings have been inserted on the separate schedules of these Disclosure Schedules for convenience of reference only and shall not have the effect of amending or changing the content or meaning of the corresponding Section of the Agreement.

Schedule 3.2(a)(v)

REQUIRED CONSENTS

The Company will deliver to Parent, on the Closing Date, copies of all registrations, filings, applications, notices, consents, approvals, orders, qualifications and waivers related to the following agreements, required in connection with the transaction:

Office Lease dated April 27, 2006 by and between the Company, as tenant, and the 1998 Victor William Schaff and Susan Marie Schaff Revocable Trust dated June 19, 1998, as landlord, as amended by the First Amendment to Lease dated May 5, 2009 (Carpinteria, CA)

Office Lease dated March 22, 2006 by and between the Company, as tenant, and ARI Overland, LLC, as landlord, as amended by Amendment 1 to Lease dated March 2007 (San Dimas, CA)

Lease Agreement dated July 29, 2009 by and between the Company, as tenant, and 805 Aerovista Partners LLC, as landlord (San Luis Obispo, CA)

Office Lease dated July 27, 2007 by and between Arcadian Health Plan of Louisiana, Inc., as tenant, and Pierremont Office Park I & II, LLC, as landlord, as amended by First Extension of Lease dated July 29, 2009, Second Extension of Lease dated August 26, 2010 and Third Modification and Extension of Lease dated May 13, 2011 (Shreveport, LA)

Office Lease dated October 6, 2006 by and between Arcadian Health Plan, Inc., as tenant, and Dead River Atlantic Place LLC, as landlord, as amended by Lease Amendment dated July 23, 2009 (South Portland, ME)

Office Lease dated September 15, 2008 by and between the Company, as tenant, and NC Owner LLC, as landlord, as amended by First Amendment to Lease dated July 28, 2011 (Charlotte, NC)

Office Lease dated July 31, 2009 by and between Arcadian Health Plan of North Carolina, Inc., as tenant, and Murray Investment Company No. 1, LLC, as landlord (Raleigh-Marriott Drive, NC)

Office Lease dated August 18, 2008 by and between Arcadian Health Plan of New York, Inc., as tenant, and Hub Properties Trust, as landlord, as amended by First Amendment to Lease dated June 21, 2011 (North Syracuse, NY)

Office Lease dated April 28, 2005 by and between Arcadian Health Plan, Inc. dba Texas Community Care, as tenant, and Austin Oakpointe, Ltd, as landlord, as amended by First Amendment to Lease Agreement dated May 4, 2005, Second Amendment to Lease Agreement dated April 9, 2008 and Third Amendment to Lease Agreement dated March 28, 2011 (Austin, TX)

Office Lease dated October 22, 2007 by and between Arcadian Health Plan, Inc., as tenant, and 7500 Viscount Partners, as landlord, as amended by First Amendment to Lease Agreement dated April 15, 2011 (El Paso, TX)

Office Lease dated September 20, 2004 by and between Arcadian Health Plan, as tenant, and Walter B. Worthy and Karen L. Worthy, husband and wife, dba W & K Investments, as landlord, as amended by Amendment "One" to Lease, dated January 4, 2011 (Spokane, WA)

Office Lease dated August 15, 2007 by and between Arcadian Health Plan of Georgia, Inc., as sublessee, and Access Integrated Networks, Inc., as sublessor, as amended by Amendment Number One dated August 29, 2007 and Amendment Number Two dated September 8, 2010 (Macon, GA)

Facility Participation Agreement dated July 11, 2006 by and between Trident Medical Center, LLC and Arcadian Health Plan, Inc.

Facility Participation Agreement dated July 11, 2006 by and between Walterboro Community Hospital, Inc. and Arcadian Health Plan, Inc.

Schedule 3.2(b)(vi)

LENDER PAYOFFS

As of the Closing, the Company owes the amounts set forth below to the respective lenders set forth to the left of such amounts:

Estimated payoff amounts including estimated deferred payments as of August 11, 2011

	Amount
<i>Senior Secured Credit Agreement, dated as of February 8, 2007</i>	\$42,675,234.54
Morgan Stanley Senior Funding, Inc.	
Beach Point Distressed Master Fund, LP	
Map 90 Segregated Portfolio of LMA SPC	
<i>Secured Credit Agreement, dated as of July 5, 2007</i>	\$28,671,741.93
TAC Associates, L.P.	
Three Arch Partners IV, L.P.	
Three Arch Associates IV, L.P.	
Three Arch Capital, L.P.	
<i>Third Lien Secured Credit Agreement, dated as of May 23, 2008</i>	\$12,482,831.72
Morgan Stanley Dean Witter Venture Partners IV, L.P.	
Morgan Stanley Dean Witter Venture Investors IV, L.P.	
Morgan Stanley Dean Witter Venture Offshore Investors IV, L.P.	
Morgan Stanley Venture Partners 2002 Fund, L.P.	
Morgan Stanley Venture Investors 2002 Fund, L.P.	
John Austin (now represented by Third Amended Austin/Smalley Living Trust dated March 4, 2004)	
Allen Wise	
Lawrence N. and Dulcie Kugelman Living Trust Dated May 1988	
Alexander Kugelman	
Stryker Warren	
Marilyn Warren	
Edward Blumenstock	
Kenneth Zimmerman	
Les Granow	
Robert Schreiber	
Skip Rosenbloom	
<i>Amended and Restated Loan and Security Agreement, dated as of August 17, 2005</i>	\$1,080,625.69
John H. Austin, M.D. (now represented by Third Amended Austin/Smalley Living Trust dated March 4, 2004)	
<i>Amended and Restated Loan and Security Agreement, dated as of August 17, 2005</i>	\$434,270.14
Kenneth B. Zimmerman	

Schedule 5.3(a)(ii)(C)

CONFLICTS AND VIOLATIONS

Schedule 3.2(a)(v) is hereby incorporated herein by this reference.

Software License Agreement, dated as of May 8, 2002, by and between Arcadian Management Services, Inc. and Pacific Partners Management Services, Inc., as amended by that certain Add On Addendum to Software License Agreement, dated February 15, 2005

Schedule 5.4(b)

CAPITALIZATION

Except as set forth below, there are no authorized or outstanding Other Securities of the Company or the Company Subsidiaries.

- Set forth below is the following information with respect to each issued and outstanding Warrant, if applicable: (i) the date of issuance; (ii) the holder; (iii) the number of shares of Company Capital Stock that may be purchased upon exercise; and (iv) the per share exercise price:

Date of Issuance	Warrant Holder	Number of Shares of Common Stock	Share Exercise Price
11/27/2006	TAC Associates, L.P.	542	\$5.000
11/27/2006	Three Arch Partners IV, L.P.	7,827	\$5.000
11/27/2006	Three Arch Capital, L.P.	11,458	\$5.000
11/27/2006	Three Arch Associates IV, L.P.	173	\$5.000
5/22/2007	Morgan Stanley & Co.	54,487	\$0.001
5/22/2007	Post Leveraged Loan Master Fund, LP	5,503	\$0.001
5/22/2007	The Opportunity Fund, LLC	7,955	\$0.001
5/22/2007	Post Strategic Master Fund, LP	14,766	\$0.001
5/22/2007	Post Total Return Master Fund, LP	7,737	\$0.001
5/22/2007	Virginia Retirement System	8,445	\$0.001
6/1/2010	Beach Point Distressed Master Fund, LP	5,689	\$0.001
6/1/2010	Map 90 Segregated Portfolio of LMA SPC	4,391	\$0.001

- The authorized and issued and outstanding shares of capital stock of each of the Company Subsidiaries are set forth below:

Arcadian Management Services, Inc.

Class of Stock	Number of Shares Authorized	Number of Shares Issued and Outstanding
Common Stock	10,000,000	3,028,493
Preferred Series A	850,000	735,000
Preferred Series B	1,620,800	893,506
Preferred Series B1	450,000	450,000
Preferred Series C	2,725,000	2,693,544
Total	15,645,800	7,800,543

Arkansas Community Care, Inc.

Class of Stock	Number of Shares Authorized	Number of Shares Issued and Outstanding
Common Stock	10	5

Arcadian Health Plan, Inc.

Class of Stock	Number of Shares Authorized	Number of Shares Issued and Outstanding
Common Stock	100,000	60,000

Arcadian Health Plan of Georgia, Inc.

Class of Stock	Number of Shares Authorized	Number of Shares Issued and Outstanding
Common Stock	1,500,000	1,500,000

Arcadian Health Plan of Louisiana, Inc.

Class of Stock	Number of Shares Authorized	Number of Shares Issued and Outstanding
Common Stock	10,000,000	3,000,000

Arcadian Health Plan of North Carolina, Inc.

Class of Stock	Number of Shares Authorized	Number of Shares Issued and Outstanding
Common Stock	1,000,000	1,000,000

Arcadian Health Plan of New York, Inc.

Class of Stock	Number of Shares Authorized	Number of Shares Issued and Outstanding
Common Stock	200	200

Arcadian Choice, Inc.

Class of Stock	Number of Shares Authorized	Number of Shares Issued and Outstanding
Common Stock	10,000	5,000

Schedule 5.4(c)

AGREEMENTS RELATING TO CAPITAL STOCK

This has been excluded due to confidentiality of information contained therein.

Schedule 5.6(b)

INDEBTEDNESS

As of the date of the Agreement, all Indebtedness of the Company and the Company Subsidiaries is outstanding under the agreements set forth below:

Senior Secured Credit Agreement, dated as of February 8, 2007 (as amended, extended, renewed, supplemented or otherwise modified from time to time), by and among the Company, a Delaware corporation, Arcadian Choice, Inc., a Texas corporation, the other Credit Parties from time to time party thereto, the lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc., as Administrative Agent, and Morgan Stanley & Co. Incorporated, as Collateral Agent.

Secured Credit Agreement, dated as of July 5, 2007 (as amended, extended, renewed, supplemented or otherwise modified from time to time), by and among the Company, a Delaware corporation, Arcadian Choice, Inc., a Texas corporation, the other Credit Parties from time to time party thereto, Three Arch Capital, L.P., TAC Associates, L.P., Three Arch Partners IV, L.P., and Three Arch Associates IV, L.P.

Third Lien Secured Credit Agreement, dated as of May 23, 2008 (as amended, extended, renewed, supplemented or otherwise modified from time to time), among the Company, a Delaware corporation, the other Credit Parties from time to time party thereto, Morgan Stanley Dean Witter Venture Partners IV, L.P., Morgan Stanley Dean Witter Venture Investors IV, L.P., Morgan Stanley Dean Witter Venture Offshore Investors IV, L.P., Morgan Stanley Venture Partners 2002 Fund, L.P., Morgan Stanley Venture Dean Witter Investors 2002 Fund, L.P., John Austin (now represented by Third Amended Austin/Smalley Living Trust dated March 4, 2004), Allen Wise, Lawrence N. and Dulcie Kugelman Living Trust Dated May 1988, Alexander Kugelman, Stryker Warren, Marilyn Warren, Edward Blumenstock, Ken Zimmerman, Les Granow, Robert Schreiber and Skip Rosenbloom.

Amended and Restated Loan and Security Agreement, dated as of August 17, 2005, by and between the Company, a Delaware corporation, and Kenneth B. Zimmerman, an individual.

Amended and Restated Loan and Security Agreement, dated as of August 17, 2005, by and between the Company, a Delaware corporation, and John H. Austin, M.D., an individual (now represented by Third Amended Austin/Smalley Living Trust dated March 4, 2004).

Schedule 5.7

ABSENCE OF CERTAIN CHANGES

This has been excluded due to confidentiality of information contained therein.

Schedule 5.8

TAX MATTERS

There are no exceptions to the representations and warranties made in Section 5.8 of the Agreement. Set forth below are (i) all types of Taxes paid, and all types of Tax Returns filed by or on behalf of the Company and the Company Subsidiaries, and (ii) all of the jurisdictions that impose such Taxes or with respect to which any of the Company or any Company Subsidiary has a duty to file such Tax Returns:

1. Income and Corporate Taxes

Legal Entity	State	Location	Tax Authorities	Type of Tax / Returns	
ACC	AR	Fort Smith	Pulaski County	Annual Unsecured (Personal) Property Tax	
		Little Rock	Pulaski County	Annual Unsecured (Personal) Property Tax	
AHP	AZ	Prescott	Yavapai County	Annual Unsecured (Personal) Property Tax	
	ME	S. Portland	Cumberland County	Annual Unsecured (Personal) Property Tax	
	MO	Springfield	Greene County	Annual Unsecured (Personal) Property Tax	
	SC	N. Charleston	Charleston County	Annual Unsecured (Personal) Property Tax	
	TX		Austin	Travis County	Annual Unsecured (Personal) Property Tax
			El Paso	El Paso County	Annual Unsecured (Personal) Property Tax
	VA	Norfolk	Norfolk County	Annual Unsecured (Personal) Property Tax	
	WA	Spokane	Spokane County	Annual Unsecured (Personal) Property Tax	
AHP-GA	GA	Macon	Bibb County	Annual Unsecured (Personal) Property Tax	
AHP-LA	LA	Shreveport	Caddo County	Annual Unsecured (Personal) Property Tax	
AHP-NC	NC	Charlotte	Mecklenburg County	Annual Unsecured (Personal) Property Tax	
		Raleigh	Wake County	Annual Unsecured (Personal) Property Tax	
AHP-NY	NY	Syracuse	Onondaga County	Annual Unsecured (Personal) Property Tax	
AMS	CA	Carprineria (closed, to be subleased)	Santa Barbara County	Annual Unsecured (Personal) Property Tax	
		Oakland	IRS	Estimated Tax for Corporations (Q1)	
				Estimated Tax for Corporations (Q2)	
				Estimated Tax for Corporations (Q3)	
				Estimated Tax for Corporations (Q4)	
				Corporate Tax	
				Extension of Tax	
				For ESOP, 401K, FSA	
				Franchise Tax Board	Corporation Estimated Tax (Q1)
			Corporation Estimated Tax (Q2)		
			Corporation Estimated Tax (Q3)		
			Corporation Estimated Tax (Q4)		
			CA State Tax		
	Sales & Use Tax				
Alameda County Tax Office	Annual Unsecured (Personal) Property Tax				
San Dimas	LA County Tax Office	Annual Unsecured (Personal) Property Tax			
DE	Oakland	Delaware	Annual Franchise tax		

2. Premium Taxes

Legal Entity	State	Returns/Fees Paid
AHP	AR	Filing annual statement \$50 Certificate of Authority Renewal \$100 Health fees \$550
AHP	AZ	DOI State of Arizona Health Org Annual Tax & Fees Rpt (certificate of authority renewal fee \$75 + annual statement filing fee \$300)
AHP	CA	NA
AHP-GA	GA	Annual Premium Tax Return (\$-)
AHP	IN	Indiana Fee & Retaliatory Fee Statement (annual filing fee, license renewal, regulatory surcharge \$1,100)
AHP	KY	(certificate renewal fee \$100 + annual filing fee \$100 + regulatory tax \$889)
AHP-LA	LA	Annual Financial Regulation Fee \$1000 Premium tax (min.) \$140
AHP	ME	Insurance Premium Tax Return (\$-)
ACC	OK	Annual Premium Form (Annual license fee \$150 Annual statement review fee \$500)
AHP-NC	NC	Gross Premium Tax Return (\$-)
AHP	NH	Statement of Fees, Charges & Premium Taxes (certificate of authority renewal fee \$200, annual stmt fee \$100, financial regulation fee \$1000, min premium tax \$200, prepaid tax \$1200)
AHP-NY	NY	CT-33-NL : Non-Life Insurance Corporation Franchise Tax Return (\$-)
AHP	SC	SC Health Insurance Pool Assessment Based Reporting Form (\$-)
ACC	TX	-TX Annual Insurance Premium Tax Rpt (\$0) -TX Annual Insurance Maintenance, Assessment & Retaliatory Rpt (annual statement filing fee \$250 + retaliatory tax \$250) - Insurance Premium Tax (\$-)
AHP (Oakland)	TX	-TX Annual Insurance Premium Tax Rpt (\$0) -TX Annual Insurance Maintenance, Assessment & Retaliatory Rpt (annual statement filing fee \$250 + retaliatory tax \$250) - Insurance Premium Tax (\$-)
AHP	VA	Virginia Maintenance Assessment (\$300)
AHP	WA	State of Washington E-Tax Form (\$-) (regulatory surcharge \$1000, annual statement filing fee \$20)

3. Tax Sharing

Tax Allocation Agreement dated January 1, 2009 by and among the Company and Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of Georgia, Inc., Arcadian Health Plan of North Carolina, Inc., Arcadian Health Plan of Louisiana, Inc., and Arcadian Health Plan of New York, Inc.

4. Method of Accounting

On August 5, 2011, the Internal Revenue Service ("IRS") issued a Consent Agreement, approving the request filed by the Company, Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of Georgia, Inc., Arcadian Health Plan of Louisiana, Inc., Arcadian Health Plan of North Carolina, Inc., and Arcadian Health Plan of New York, Inc., on January 3, 2011 on IRS Form 3115 requesting permission to change the accounting method used for treating commissions paid to individual marketing agents and field marketing organizations (independent contractors), for the taxable year beginning January 1, 2010.

Schedule 5.9

COMPLIANCE WITH LAWS

There are no exceptions to the representations and warranties made in Section 5.9 of the Agreement.

Schedule 5.27 is hereby incorporated herein by this reference.

Schedule 5.10(a)

CONTRACTS

Set forth below is a complete and accurate list of all:

(i) Material Contracts which were not entered into the ordinary course of business

Letter Agreement dated as of April 8, 2011, by and between the Company and Houlihan Lokey

(ii) Contracts with respect to which the Company or a Company Subsidiary has annual payment obligations of more than \$500,000 that are not terminable by the Company or the Company Subsidiaries on less than six (6) months' notice

Master Agreement dated December 6, 2010, by and between the Company and AT&T Corp.

Master Service Agreement dated April 30, 2011, by and between the Company and Health Risk Partners, LLC

(iii) Contracts with respect to which a third party has annual payment obligations to the Company or a Company Subsidiary or more than \$500,000 and which extend for a term of more than one year after the Closing

Managed Pharmacy Benefit Services Agreement dated January 1, 2006 (as amended, extended, renewed, supplemented or otherwise modified from time to time), by and between Arcadian Health Plan, Inc. and its affiliates and SilverScript, Inc. an affiliate of Caremark PCS Health, LLP. (Caremark is obligated to deliver manufacturer rebates to Arcadian) (This contract is set to expire on December 31, 2011)

Stop Loss Insurance Policies from January 1, 2011, through December 31, 2011, by and between HCC Life Insurance Company and:

Entity	Operating in
Arcadian Health Plan, Inc.	AZ, CA, ME, MO, NH, SC, VA, WA
Arcadian Health Plan, Inc. dba Texas Community Care	TX
Arkansas Community Care, Inc.	AR, OK
Arcadian Health Plan of Georgia, Inc.	GA
Arcadian Health Plan of Louisiana, Inc.	LA
Arcadian Health Plan of North Carolina, Inc.	NC
Arcadian Health Plan of New York, Inc.	NY

(iv) Contracts under which the Company or the Company Subsidiaries has paid an amount in excess of \$500,000 during the twelve (12) month period ending December 31, 2010 and that is not terminable by the Company or the Company Subsidiaries on less than six (6) months' notice

Master Agreement dated November 20, 2010, by and between Arcadian Management Services, Inc. and AT&T Corp.

Master Service Agreement dated April 30, 2011, by and between Arcadian Management Services, Inc. and Health Risk Partners, LLC

(v) Contracts under which the amount payable by the Company or a Company Subsidiary is dependent on the revenue, income or other similar measure of the Company, a Company Subsidiary or any other Person

None

(vi) Real Property Leases

Schedule 5.11 is hereby incorporated herein by this reference.

(vii) Contracts pursuant to which the Company or any Company Subsidiary leases any personal property from or to any third party and having an annual rent in excess of 200,000

None

(viii) Contracts relating to any Indebtedness of the Company or a Company Subsidiary

Schedule 5.6(b) is hereby incorporated herein by this reference.

(ix) Contracts of the Company or the Company Subsidiaries with their respective officers, directors or employees

Schedule 5.23 is hereby incorporated herein by this reference.

(x) Contracts pursuant to which the Company or a Company Subsidiary licenses any material Intellectual Property (other than off-the-shelf software)

None

(xi) Contracts which place any material limitation on the Company or a Company Subsidiary with respect to the method of conducting, or scope of, the Business

Schedules 5.10(a)(xiii)(B) and 5.10(d) are hereby incorporated herein by this reference.

Outsourced Services Agreement dated May 1, 2007 by and between Calibrated Healthcare Network, LLC and Arcadian Management Services, Inc.

Services Agreement dated July 2, 2010 by and between Arcadian Health Plan(s) and Direct Print Communications, Inc.

Service Agreement dated December 1, 2006 by and between Social Service Coordinators, Inc. and Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of Georgia, Inc.

(xii) Contracts which create a joint venture, limited liability company, partnership or any other material contract or agreement involving a sharing of profits, losses, costs or liabilities by the Company or any of the Company Subsidiaries with any other Person

None

(xiii)(A) all Contracts with hospitals involving payments by or to the Company or any of the Company Subsidiaries of \$1,000,000 or more on an annual basis

Medical Services Agreement dated March 20, 2006 by and between Sparks PremiereCare and Arkansas Community Care, Inc.

Hospital Services Agreement dated January 1, 2007 by and between East Texas Medical Center Regional Healthcare System and Arcadian Health Plan, Inc.

Hospital and Physician Services Agreement dated December 26, 2007 by and between Maine Medical Center and Arcadian Health Plan, Inc.

Medical Services Agreement dated March 6, 2007 by and between Regional HealthPlus and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated June 7, 2005 by and between Kingman Regional Medical Center and Arcadian Health Plan, Inc.

Hospital Services Agreement dated June 1, 2007 by and between Medical University Hospital Authority and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated May 16, 2007 by and between Pitt County Memorial Hospital and Arcadian Health Plan or North Carolina, Inc.

Network Letter of Agreement dated June 28, 2008 by and between Central and Western Maine Regional Physician Hospital Organization and Arcadian Health Plan, Inc.

Hospital Services Agreement dated February 11, 2005 by and between El Paso Healthcare System, Ltd. and Arcadian Health Plan, Inc.

Network Letter of Agreement dated December 11, 2008 by and between Central Georgia Health Network and Arcadian Health Plan, Inc.

PHO Letter of Agreement dated August 28, 2008 by and between Marshall Regional Medical Center and Arcadian Health Plan, Inc.

Hospital Services Agreement dated February 19, 2008 by and between Christus Medical Group and Arcadian Health Plan, Inc.

Hospital Services Agreement dated August 20, 2010 by and between CareAlliance Health Services and Arcadian Health Plan, Inc.

Letter of Agreement dated October 6, 2006 by and between Providence Health Care and Arcadian Health Plan, Inc.

Hospital Services Agreement dated October 26, 2007 by and between Tenet Hospitals Limited and Arcadian Health Plan, Inc.

Hospital Services Agreement dated March 14, 2006 by and between Memorial Health University Medical Center, Inc. and Arcadian Health Plan, Inc.

Facility Participation Agreement dated July 11, 2006 by and between Trident Medical Center, LLC and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated January 1, 2009 by and between Kaweah Delta Health Care District and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated July 3, 2007 by and between St. Francis Hospital and Arcadian Health Plan of Georgia, Inc.

Hospital Services Agreement dated March 20, 2006 by and between Baptist Health and Arkansas Community Care, Inc.

Network Letter of Agreement dated March 6, 2007 by and between Sisters of Charity Health System, Inc. and Arcadian Health Plan, Inc.

Medical Services Agreement dated June 11, 2009 by and between Maine Network for Health and Arcadian Health Plan, Inc.

Hospital Services Agreement dated May 20, 2005 by and between St. Vincent Health System and Arcadian Health Plan, Inc.

Medical Services Agreement dated February 6, 2009 by and between Freeman Health System and Arcadian Health Plan, Inc.

Hospital Services Agreement dated October 6, 2009 by and between El Paso County Hospital District and Arcadian Health Plan, Inc.

Hospital Services Agreement dated February 14, 2007 by and between Wadley Regional Medical Center and Arcadian Health Plan, Inc.

Hospital Services Agreement dated February 17, 2009 by and between White County Medical Center and Arcadian Health Plan, Inc.

Network Letter of Agreement dated February 12, 2008 by and between Baptist St. Anthony's Provider Network and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated March 7, 2008 by and between Cumberland County Hospital System, Inc. and Arcadian Health Plan of North Carolina, Inc.

Hospital and Physician Services Agreement dated March 8, 2007 by and between Mercy Hospital and Arcadian Health Plan, Inc.

Medical Services Agreement dated March 1, 2007 by and between Partners Health Network and Arcadian Health Plan, Inc.

Provider Letter of Agreement dated January 5, 2009 by and between LSU Healthcare Network and Arcadian Health Plan of Louisiana, Inc.

Network Letter of Agreement dated February 26, 2008 by and between Kennebec Region Health Alliance and Arcadian Health Plan, Inc.

Hospital Services Agreement dated July 1, 2005 by and between Northern Arizona Healthcare and Arcadian Health Plan, Inc.

Hospital Services Agreement dated August 11, 2005 by and between Yavapai Regional Medical Center and Arcadian Health Plan, Inc.

Hospital Services Agreement dated October 30, 2009 by and between Hualapai Mountain Medical Center, LP and Arcadian Health Plan, Inc.

Network Letter of Agreement dated February 28, 2007 by and between Northeast Louisiana Physician Hospital Organization and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated April 7, 2009 by and between MCG Health, Inc. and Arcadian Health Plan of Georgia, Inc.

Facility Participation Agreement dated July 11, 2006 by and between Walterboro Community Hospital, Inc. and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated June 3, 2008 by and between St. Joseph's Hospital Health Center and Arcadian Health Plan of New York, Inc.

Hospital Services Agreement dated January 31, 2007 by and between Southern Maine Medical Center and Arcadian Health Plan, Inc.

Hospital Services Agreement dated August 11, 2005 by and between Daughters of Charity Health Services of Austin and Arcadian Health Plan, Inc.

Hospital Services Agreement dated January 25, 2005 by and between Kennewick General Hospital and Arcadian Health Plan, Inc.

Medical Services Agreement dated August 1, 2008 by and between University of Texas Health Science Center and Arcadian Health Plan, Inc.

Hospital Services Agreement dated February 10, 2005 by and between Kadlec Medical Center and Arcadian Health Plan, Inc.

Hospital Services Agreement dated July 11, 2007 by and between MedCath of Little Rock, LLC and Arkansas Community Care, Inc.

Hospital Services Agreement dated January 31, 2005 by and between Yakima H.M.A., Inc. and Arcadian Health Plan, Inc.

Hospital Services Agreement dated June 23, 2009 by and between East El Paso Physicians Medical Center, LLC and Arcadian Health Plan, Inc.

Hospital Services Agreement dated June 24, 2004 by and between Empire Health Services, Inc. and Arcadian Health Plan, Inc.

Hospital Agreement dated February 14, 2007 by and between National Park Medical Center and Arkansas Community Care, Inc.

Hospital Letter of Agreement dated May 16, 2007 by and between East Carolina Health - Heritage, Inc. and Arcadian Health Plan of North Carolina, Inc.

Medical Services Agreement dated January 1, 2008 by and between Southwestern Louisiana Physician-Hospital Organization and Arcadian Health Plan, Inc.

Participating Provider Agreement dated January 1, 2008 by and between UNC Hospitals and The Beacon Company for the benefit of Arcadian Health Plan of North Carolina

Participating Provider Agreement dated January 1, 2008 by and between Carteret General Hospital and The Beacon Company for the benefit of Arcadian Health Plan of North Carolina

Network Letter of Agreement dated May 1, 2008 by and between Southwest Louisiana Hospital Association and Arcadian Health Plan of Louisiana, Inc.

Letter of Agreement dated June 1, 2010 by and between Washington Regional Medical Center and Walker Heart Institute Cardiovascular Clinic and Arkansas Community Care, Inc.

Participating Provider Agreement dated January 1, 2008 by and between Lenoir Memorial Hospital and The Beacon Company for the benefit of Arcadian Health Plan of North Carolina

Hospital Letter of Agreement dated May 9, 2008 by and between The Moses H. Cone Memorial Hospital Operating Corporation, The Cardiovascular Diagnostic Center, LLC, and Moses Cone Medical Services, Inc. and Arcadian Health Plan of North Carolina, Inc.

Network Letter of Agreement dated March 27, 2008 by and between Waldo County General Hospital and Arcadian Health Plan, Inc.

Hospital and Physician Services Agreement dated January 28, 2008 by and between Goodall Hospital and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated March 27, 2008 by and between Redington-Fairview General Hospital and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated February 2, 2009 by and between Community General Hospital and Arcadian Health Plan of New York, Inc.

Hospital Services Agreement dated September 23, 2010 by and between Tulare Local Health Care District and Arcadian Health Plan, Inc.

Hospital Services Agreement dated February 25, 2009 by and between Select Medical Corporation and Arcadian Health Plan, Inc.

Participating Provider Agreement dated December 28, 2007 by and between Beaufort County hospital Association and The Beacon Company for the benefit of Arcadian Health Plan of North Carolina

Medicare Advantage Plan Participation Proposal dated April 8, 2008 by and between Lafayette General Medical Center and Arcadian Health Plan, Inc.

Participating Provider Agreement dated March 8, 2007 by and between Coastal Carolina Health Network, Inc. and The Beacon Company for the benefit of Arcadian Health Plan of North Carolina

Hospital Services Agreement dated February 1, 2006 by and between Our Lady of Lourdes Hospital at Pasco and Arcadian Health Plan, Inc.

Hospital and Physician Services Agreement dated January 1, 2009 by and between Maine Health and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated January 1, 2010 by and between Sierra View District Hospital and Arcadian Health Plan, Inc.

Hospital Services Agreement dated July 1, 2007 by and between Dubuis Health System, Inc. and Arcadian Health Plan, Inc.

Hospital Services Agreement dated January 1, 2008 by and between Louisiana State University Health Sciences Center-Shreveport, LSUHCS-Shreveport University Hospital, LSUHSC-Shreveport Allied Health Faculty Clinic and LSUHSC-Shreveport on behalf of E.A. Conway Medical Center and Arcadian Health Plan, Inc.

Hospital Services Agreement dated January 1, 2009 by and between Kindred Healthcare Operating, Inc. and Arcadian Health Plan, Inc.

Letter of Agreement dated August 12, 2010 by and between Minden Medical Center and Arcadian Health Plan of Louisiana, Inc.

Facility Services Agreement dated July 26, 2006 by and between Cornerstone Healthcare Group and Arcadian Health Plan, Inc.

Hospital Services Agreement dated September 17, 2005 by and between Highlands Regional, L.P. and Arcadian Health Plan, Inc.

Hospital Services Agreement dated June 25, 2007 by and between Triumph Hospital El Paso and Arcadian Health Plan, Inc.

Facility Services Agreement dated September 5, 2006 by and between Arkansas Surgical hospital and Arkansas Community Care, Inc.

Ancillary Services Agreement dated August 22, 2008 by and between R.E. Thomason General Hospital and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated May 25, 2007 by and between Maine Coast Memorial Hospital and Arcadian Health Plan, Inc.

Medical Services Agreement dated May 24, 2006 by and between PremierCare Northwest and Arkansas Community Care, Inc.

Hospital Services Agreement dated February 5, 2010 by and between Longview Medical Center LP and Arcadian Health Plan, Inc.

Hospital Services Agreement dated March 20, 2006 by and between St. Joseph's Mercy Medical Center and Arkansas Community Care, Inc.

Clinic Services Agreement dated November 5, 2009 by and between Carilion Clinic and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated January 29, 2006 by and between Mid Coast Hospital and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated March 8, 2007 by and between St. Mary's Health Care System and Arcadian Health Plan of Georgia, Inc.

Hospital Services Agreement dated January 1, 2008 by and between Saint Joseph's at East Georgia, Inc. and Arcadian Health Plan of Georgia, Inc.

Network Letter of Agreement dated March 6, 2007 by and between St Joseph Hospital Foundation and Arcadian Health Plan, Inc.

Hospital Letter of Agreement dated March 23, 2005 by and between University Medical Center Corporation and Arcadian Health Plan, Inc.

Medical Services Agreement dated January 31, 2007 by and between Evergreen Medical Group, LLC and Arcadian Health Plan, Inc.

Hospital Services Agreement dated December 16, 2008 by and between Crouse Health Hospital, Inc. and Arcadian Health Plan of New York, Inc.

Medical Services Agreement dated February 18, 2009 by and between St. John's Health System Network and Arcadian Health Plan, Inc.

Medical Services Agreement dated July 10, 2006 by and between Saline First Care PHO and Arkansas Community Care, Inc.

(xiii)(B) all exclusive or preferred (within a market) Provider Contracts of the Company or a Company Subsidiary

Schedule 5.10(d) is hereby incorporated herein by this reference.

Clinic Services Agreement dated November 5, 2009 by and between Arcadian Health Plan, Inc. and Carilion Clinic

Medical Services Agreement dated January 1, 2006, by and between Arkansas Community Care, Inc. and PremierCare Northwest

Medical Services Agreement dated January 1, 2010, by and between Arcadian Health Plan, Inc. and St. John's Health System Network

Network Letter of Agreement dated February 12, 2008 by and between Baptist St. Anthony's Provider Network and Arcadian Health Plan, Inc.

Hospital Agreement dated February 14, 2007 by and between National Park Medical Center and Arkansas Community Care, Inc.

Hospital Services Agreement dated May 20, 2005 by and between St. Vincent Health System and Arcadian Health Plan, Inc.

(xiii)(C) any Contract of the Company or a Company Subsidiary for access to or use of a third party's network of contracted Providers (i.e., network rental agreements)

Provider Letter of Agreement dated May 16, 2008, by and between Arcadian Health Plan, Inc. and Visalia Medical Clinic

Network Letter of Agreement dated February 25, 2008, by and between Arcadian Health Plan, Inc. and Central and Western Maine Regional Physician Hospital Organization

Medical Services Agreement (Network) dated June 11, 2009, by and between Arcadian Health Plan, Inc. and Maine Network for Health

Medical Services Network Agreement dated January 8, 2007, by and between Arcadian Health Plan, Inc. and The Beacon Company

Provider Letter of Agreement dated November 13, 2008, by and between Arcadian Health Plan, Inc. and Family Care Medical Group, PC

Medical Services Agreement (Provider Group) dated April 14, 2008, by and between Arcadian Health Plan, Inc. and Palmetto Primary Care Physicians

Network Letter of Agreement dated December 11, 2008, by and between Arcadian Health Plan, Inc. and Central Georgia Health Network

Clinic Services Agreement dated November 5, 2009 by and between Arcadian Health Plan, Inc. and Carilion Clinic

Hospital Letter of Agreement dated March 4, 2009, by and between Arcadian Health Plan, Inc. and Chesapeake Regional Medical Center

(xiv) any Contract of the Company or a Company Subsidiary with respect to any risk sharing or risk transfer arrangement or that provides for a retroactive premium or similar adjustment or withholding arrangement

Ancillary Services Agreement dated June 1, 2004 (as amended, extended, renewed, supplemented or otherwise modified from time to time), by and between Arcadian Health Plan, Inc. and Vision Service Plan

Ancillary Services Agreement dated January 1, 2009 (as amended, extended, renewed, supplemented or otherwise modified from time to time), by and between Arcadian Health Plan, Inc. and Liberty Dental Plan Corporation

Medical Services Agreement dated November 10, 2009 by and between Arcadian Health Plan, Inc. and San Luis Obispo Select IPA

Medical Services Agreement dated January 1, 2010, by and between Arcadian Health Plan, Inc. and Midcoast Care IPA

(xv) Contracts of the Company or any Company Subsidiary with a third party which contain any exclusivity right in favor of a third party, including any obligation to purchase goods or services from or refer parties to any third party

Schedule 5.10(d) and 5.10(a)(xiii)(B) are hereby incorporated herein by this reference.

(xvi) any Contract of the Company or a Company Subsidiary with a Governmental Authority (other than any customer Contracts with any Governmental Authority)

None

(xvii) any Contract of the Company or a Company Subsidiary with a Governmental Authority, including (A) customer Contracts with any Governmental Authority involving payments by or to

*the Company or any of the Company Subsidiaries, of more than \$500,000 on an annual basis,
(B) Contracts with CMS, and (C) Contracts with any state Medicaid agency*

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan, Inc. and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arkansas Community Care, Inc. and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan, Inc. (in Arizona) and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan of Georgia, Inc. and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan of Louisiana, Inc. and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan, Inc. (in Maine) and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan of North Carolina, Inc. and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan of New York, Inc. and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan (in Oklahoma) and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan, Inc. (in South Carolina) and the Centers for Medicare & Medicaid Services (CMS)

Contract with Eligible Medicare Advantage (MA) Organization dated October 4, 2010 by and between Arcadian Health Plan, Inc. (in Texas) and the Centers for Medicare & Medicaid Services (CMS)

Memorandum of Agreement dated January 1, 2010, (as amended) by and between Arkansas Community Care, Inc. and Arkansas Department of Human Services

Short Form Contract dated December 1, 2010, by and between Arcadian Health Plan, Inc. and Department of Health Care Services, State of California

Medicare Advantage Health Plan Agreement dated January 1, 2011 by and between Arcadian Health Plan of Georgia, Inc. and the Georgia Department of Community Health

Agreement dated January 1, 2010, (as amended) by and between Arcadian Health Plan of Louisiana, Inc. and Louisiana Department of Health and Hospitals

Agreement dated January 1, 2010, by and between Arcadian Health Plan, Inc. and the Maine Department of Health and Human Services

Agreement dated January 1, 2011, by and between Arcadian Health Plan, Inc. and the Missouri Department of Social Services

Coordination of Benefits Agreement dated January 1, 2011, by and between Arcadian Health Plan of New York, Inc. and the New York State Department of Health

Contract dated January 1, 2011, by and between Arcadian Health Plan, Inc. and the Oklahoma Health Care Authority

Memorandum of Agreement date January 1, 2010, (as extended) by and between Arcadian Health Plan, Inc. and the South Carolina Department of Health and Human Services

Agreement dated August 23, 2010, by and between Arcadian Health Plan, Inc. and the Texas Health and Human Services Commission

Agreement dated August 25, 2010, by and between Arkansas Community Care, Inc. and the Texas Health and Human Services Commission

Agreement dated September 26, 2009, (as amended) by and between Arcadian Health Plan, Inc. and the State of Washington Department of Social and Health Services

Schedule 5.10(c)

CONTRACTS REQUIRING PAYMENT IN CONNECTION WITH TRANSACTIONS

Set forth below are all Contracts to which any of the Company or the Company Subsidiaries is a party which would require a payment or other form of consideration to any Person in connection with the Transactions to which any of the Company or the Company Subsidiaries is a party:

Schedules 5.17(b) and 5.17(c) are hereby incorporated herein by this reference.

Schedule 5.10(d)

EXCLUSIVE CONTRACTS

Set forth below are all Contracts to which any of the Company or the Company Subsidiaries is a party which (A) contain any exclusivity right in favor of a third party, including any obligation to purchase goods or services from or refer parties to any third party and (B) which exclusivity provisions would be binding on Parent or any of its Affiliates (other than on the Company and the Company Subsidiaries) following the Closing:

Managed Pharmacy Benefit Services Agreement Medicare Part D between Arcadian Health Plan, Inc., and its affiliates and Silverscript, Inc., an affiliate of CaremarkPCS Health, LLP, with all amendments and attachments thereto, including the Pricing Implementation Document, effective as of January 1, 2006.

Clinical Assessment Solutions (CAS) Health Quality and Risk Scoring Enhancement Services, Product Schedule for Full Services dated March 15, 2010, by and between Ingenix and Arcadian Management Services, Inc. on behalf of its affiliates and subsidiaries, having received approval from CMS of the U.S. Department of Health and Human Services to offer one or more Medicare Advantage Prescription Drug Plan(s). The Schedule is made part of the Master Services and License Agreement between Ingenix and Customer, dated December 1, 2009.

Schedule 5.10(e)

INTRA COMPANY GROUP CONTRACTS

Set forth below is a complete list of Contracts between any of the Company or any Company Subsidiary on the one hand and any of the Company or any Company Subsidiary on the other hand:

Administrative Services Agreement dated June 1, 2004 by and between the Company and Arcadian Health Plan, Inc. as amended by the First Amendment dated April 1, 2005 and the Second Amendment dated April 1, 2006.

Access Agreement dated April 1, 2005 by and between Arcadian Health Plan, Inc. and Arkansas Community Care, Inc.

Administrative Services Agreement dated July 11, 2007 by and between the Company and Arcadian Health Plan of North Carolina, Inc.

Cost Allocation and Shared Services Agreement dated August 14, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., and Arcadian Health Plan of Georgia, Inc.

Amendment to Cost Allocation and Shared Services Agreement dated July 11, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of Georgia, Inc., and Arcadian Health Plan of North Carolina, Inc.

Amendment to Cost Allocation and Shared Services Agreement dated August 14, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., and Arcadian Health Plan of Georgia, Inc., and Arcadian Health Plan of Louisiana, Inc.

Management and Administrative Services Agreement dated October 6, 2008 by and between Arcadian Health Plan, Inc. and Arcadian Health Plan of New York, Inc.

Management and Administrative Services Agreement dated October 6, 2008 by and between the Company and Arcadian Health Plan of New York, Inc.

Management and Administrative Services Agreement Fee Waiver dated January 1, 2010 by and between the Company and Arcadian Health Plan of New York, Inc.

Tax Allocation Agreement dated January 1, 2009 by and among the Company and Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of Georgia, Inc., Arcadian Health Plan of North Carolina, Inc., Arcadian Health Plan of Louisiana, Inc., and Arcadian Health Plan of New York, Inc.

Administrative Services Agreement dated May 25, 2006 by and between the Company and Arcadian Health Plan of Georgia, Inc.

Schedule 5.11

LEASES AND SUBLEASES

Set forth below is a complete and correct list of all leases and subleases (as heretofore amended, extended, renewed, supplemented or otherwise modified) pursuant to which the Company or a Company Subsidiary leases (as lessor or lessee), holds or occupies real property:

Office Lease dated October 22, 2007 by and between Arcadian Health Plan, Inc., as tenant, and 7500 Viscount Partners, as landlord, as amended by First Amendment to Lease Agreement dated April 15, 2011, for the property located at 7500 Viscount, Suite 292, El Paso, TX

Office Lease dated April 28, 2005 by and between Arcadian Health Plan, Inc. dba Texas Community Care, as tenant, and Austin Oakpointe, Ltd, as landlord, as amended by First Amendment to Lease Agreement dated May 4, 2005, Second Amendment to Lease Agreement dated April 9, 2008 and Third Amendment to Lease Agreement dated March 28, 2011, for the property located at 9111 Jollyville Road, Suite 102, Austin, TX.

Office Lease dated August 17, 2005 by and between Arkansas Community Care, Inc., as tenant, and Creek Front Place, Inc., as landlord, as amended by Lease Extension Agreement dated March 22, 2010, for the property located at 3810 Front Street, Suite 8, Fayetteville, AR

Office Lease dated July 1, 2006 by and between Arkansas Community Care, Inc., as tenant, and Sparks PremierCare, as landlord for the property located at 810 Lesington Avenue, Fort Smith, AR

Office Lease dated August 11, 2005 by and between Arkansas Community Care, Inc., as tenant, and Flake & Kelly Commercial, Agent for Corporate One Partnership, as landlord, as amended by Lease Addendum Agreement dated March 30, 2007 and Lease Extension Agreement dated March 22, 2010 for the property located at 10025 West Markham, Suite 220, Little Rock, AR

Office Lease dated December 1, 2008 by and between Arcadian Health Plan, Inc., as tenant, and Kunco, LLC, as landlord for the property located at 3767 Karicio Lane, suite 1-D, Prescott, AZ

Sublease Agreement dated May 19, 2009 by and between the Company, as tenant, and ELM Resources, Inc, as landlord for the property located at 500 12th Street, Suites 340-360, Oakland, CA

Office Lease dated April 27, 2006 by and between the Company, as tenant, and the 1998 Victor William Schaff and Susan Marie Schaff Revocable Trust dated June 19, 1998, as landlord, as amended by the First Amendment to Lease dated May 5, 2009 for the property located at 6450 Via Real, Suites 6-10, Carpinteria, CA

Office Lease dated March 22, 2006 by and between the Company, as tenant, and ARI Overland, LLC, as landlord, as amended by Amendment 1 to Lease dated March 2007, for the property located at 955 Overland Court, Suites 180 & 200, San Dimas, CA

Lease Agreement dated July 29, 2009 by and between the Company, as tenant, and 805 Aerovista Partners LLC, as landlord for the property located at 805 Aerovista Drive, Suites 205, San Luis Obispo, CA

Office Lease dated October 6, 2006 by and between Arcadian Health Plan, Inc., as tenant, and Dead River Atlantic Place LLC, as landlord, as amended by Lease Amendment dated July 23, 2009, for the property located at 49 Atlantic Place, South Portland, ME

Office Sublease dated August 13, 2009 by and between Arcadian Health Plan, Inc., as tenant, and Guardian Fund II – Twin Oaks, LLC, as landlord for the property located at 5700 Lake Wright Drive, Suite 101, Norfolk, VA

Office Lease dated August 3, 2010 by and between Arcadian Health Plan, Inc., as tenant, and Southeast Capital Management, LLC, as landlord, as amended by First Lease Amendment dated September 13, 2010, for the property located at 7301 Rivers Avenue, Suite 110, North Charleston, SC

Office Lease dated October 5, 2009 by and between Arcadian Health Plan, Inc., as tenant, and Ridgeview Properties, LLC, as landlord, as amended by Lease Extension Agreement #1 dated April 27, 2011, for the property located at 3335 East Ridgeview, Springfield, MO

Office Sublease dated August 10, 2007 by and between Arcadian Health Plan of North Carolina, Inc., as subtenant, and The Castleton Group, Inc., as sublandlord for the property located at 4101 Lake Boone Trail, Suite 100, Raleigh, NC

Office Lease dated July 31, 2009 by and between Arcadian Health Plan of North Carolina, Inc., as tenant, and Murray Investment Company No. 1, LLC, as landlord for the property located at 4600 Marriott Drive, Suite 100, Raleigh, NC

Office Lease dated August 24, 2006 by and between Arcadian Health Plan, Inc., as tenant, and Glen J. Koepenick, as landlord, as amended by First Lease Amendment dated September 23, 2009, for the property located at 2420 Mall Drive, Suite 206, North Charleston, SC

Office Lease dated September 15, 2008 by and between the Company, as tenant, and NC Owner LLC, as landlord, as amended by First Amendment to Lease dated July 28, 2011, for the property located at 8520 Cliff Cameron Drive, Suite 420, Charlotte, NC

Office Lease dated August 15, 2007 by and between Arcadian Health Plan of Georgia, Inc., as sublessee, and Access Integrated Networks, Inc., as sublessor, as amended by Amendment Number One dated August 29, 2007 and Amendment Number Two dated September 8, 2010, for the property located at 3920 Arkwright Road, Suite 365, Macon GA

Office Lease dated September 20, 2004 by and between Arcadian Health Plan, as tenant, and Walter B. Worthy and Karen L. Worthy, husband and wife, dba W & K Invesetments, as landlord, as amended by Amendment "One" to Lease, by and between Ted Durant & Associates, Inc., as Receiver for Rock Pointe Corporate Center, and Arcadian Health Plan, dated January 4, 2011, for the property located at 1330 N. Washington Street, Suite 3500, Spokane, WA

Office Lease dated July 27, 2007 by and between Arcadian Health Plan of Louisiana, Inc., as tenant, and Pierremont Office Park I & II, LLC, as landlord, as amended by First Extension of Lease dated July 29, 2009, Second Extension of Lease dated August 26, 2010 and Third Modification and Extension of Lease dated May 13, 2011, for the property located at 920 Pierremont Road, Suite 506, Shreveport, LA

Office Lease dated August 18, 2008 by and between Arcadian Health Plan of New York, Inc., as tenant, and Hub Properties Trust, as landlord, as amended by First Amendment to Lease dated June 21, 2011, for the property located at 100 Elwood Davis Road, North Syracuse, NY

There are no exceptions to the representations and warranties made in Section 5.11 of the Agreement.

Schedule 5.12(b)

ENVIRONMENTAL LAW ACTIONS

There are no exceptions to the representations and warranties made in Section 5.12(b) of the Agreement.

Schedule 5.12(c)

COMPLIANCE WITH ENVIRONMENTAL LAWS

There are no exceptions to the representations and warranties made in Section 5.12(c) of the Agreement.

Schedule 5.12(e)

HANDLING OF HAZARDOUS SUBSTANCES

There are no exceptions to the representations and warranties made in Section 5.12(e) of the Agreement.

Schedule 5.13(a)

COMPANY INTELLECTUAL PROPERTY

Set forth below is a complete and accurate list of all Company Intellectual Property:

1. Registered Trademarks

Company	Title	Filing Date/ Registration Date	Filing Jurisdiction	Status	Application/ Registration No.
Arcadian Health Plan, Inc.	Desert Canyon Community Care, Health Care For Your Community, Logo for Arcadian Health Plan, Inc.	05/20/2005	Arizona Department of State	Expires 5/20/2015	49602

2. Software Licenses

Name	Vendor	Term
EZCAP	MZI	1/31/2005 - Evergreen
SymKey	HCIM	6/4/2011 - 6/3/2014
AOS	PPMSI	5/8/2002 - Evergreen
ADTEMPUS	ARCANA Development	Renew in 2012
Cactus	Computer Technology Corp	12/17/2010 - 12/16/2011
Administep	Legacy	Currently Negotiating
Market Prominence	Continuum	11/1/2005 - Evergreen
Interqual	Mckesson	6/30/2011 - 8/31/2015
CCMS / CM / DM	McKesson	6/30/2011 - 8/31/2015
Xpress Encounter Pro	MDE (Medical Data Express)	8/1/2011 - Subscription
FACSYS	Solgenia	7/20/2011 - 7/19/2012
IDMFAX	Goodale Systems Inc.	8/1/2011 - 7/31/2012
FLYDOC	Esker	11/15/2010 - 11/14/2011
Biztalk Integration	NSoft	8/28/2011 - 8/27/2012
Postini	Google	6/30/2011 - 6/29/2012
Contract Assistant	Blueridge Software	11/10/2010 - 11/9/2011
Encoder Plus	Micro-Dyn Medical Systems	12/1/2010 - 12/1/2011

Agreement for Product & Services, dated as of December 31, 2007, by and between ACTEK, Inc. and Arcadian Management Services, Inc.

Addendum A to Software License Agreement, dated June 4, 2008, by and between HealthCare Information Management, Inc. and Arcadian Management Services, Inc. for the license term from June 4, 2011 to June 3, 2014

Software Maintenance and Support Agreement, dated November 10, 2009, by and between Blueridge Software, Inc. and Arcadian Management Services, Inc.

Master License and Services Agreement, dated as of December 20, 2010, by and between Computer Technology Corporation dba Cactus Software and Arcadian Health Plan, Inc. for the license term beginning December 20, 2010 with automatic renewal terms of 1 year

FlyDoc Service Agreement, dated as of November 15, 2010, by and between Esker, Inc. and Arcadian Management Services, Inc. (agreement set to expire on November 14, 2011)

Software License Agreement, dated as of May 8, 2002, by and between Arcadian Management Services, Inc. and Pacific Partners Management Services, Inc., as amended by that certain Add On Addendum to Software License Agreement, dated February 15, 2005

Order Form, dated July 15, 2008, by and between Arcadian Management Services, Inc. and McKesson Health Solutions LLC for the license term from July 15, 2008 to August 31, 2015

Software License Agreement, dated August 9, 2011, by and between Arcadian Management Services, Inc. and Medical Data Express, LLC

Solgenia™ FACSys® End User License Agreement and Solgenia™ FACSys® F.A.S.T. Annual Support Agreement effective from July 11, 2011 to July 10, 2012

/n software, Inc., Software End User License Agreement and Annual Maintenance Agreement effective from August 8, 2011 to August 8, 2012.

Software License Schedule by and between Micro-Dyn Medical Systems, Inc. and Arcadian Management Services, Inc. effective from December 1, 2010 to December 1, 2011.

McKesson Health Solutions Master Agreement, dated as of July 15, 2008, by and between McKesson Health Solutions, LLC and the Company.

3. Domain Names

<http://www.ahpofok.com/>
<http://www.arcadiancommunitycare.com/>
<http://www.arkansascommunitycare.com/>
<http://www.columbiacommunitycare.com/>
<http://www.desertcanyoncommunitycare.com/>
<http://www.northeastcommunitycare.com/>
<http://www.ozarkhealthplan.com/>
<http://www.southeastcommunitycare.com/>
<http://www.spokanecommunitycare.com/>
<http://www.texarkanacommunitycare.com/>
<http://www.texascommunitycare.com/>
<http://www.arcadianhealth.com/>
<http://arcadianmgt.com/>

4. "Doing Business As" and Product Names

State	Entity Name filed with the DOI	Product Name/DBA
Arkansas	Arkansas Community Care, Inc.	Arkansas Community Care and Texarkana Community Care

State	Entity Name filed with the DOI	Product Name/DBA
Arizona	Arcadian Health Plan, Inc.	Desert Canyon Community Care
California	Arcadian Health Plan, Inc.	Arcadian Community Care
Georgia	Arcadian Health Plan of Georgia, Inc.	Southeast Community Care
New Hampshire	Arcadian Health Plan, Inc.	
Louisiana	Arcadian Health Plan of Louisiana, Inc.	Arcadian Community Care
Maine	Arcadian Health Plan, Inc.	Northeast Community Care
Missouri	Arcadian Health Plan, Inc.	Ozark Health Plan
North Carolina	Arcadian Health Plan of North Carolina, Inc.	Southeast Community Care
New York	Arcadian Health Plan of New York, Inc.	Northeast Community Care
Oklahoma	Arkansas Community Care dba Arcadian Health Plan	Arcadian Health Plan
South Carolina	Arcadian Health Plan, Inc.	Southeast Community Care
Texas	Arcadian Health Plan, Inc and Arkansas Community Care, Inc. (4 TX counties under ACC, Inc.)	Texas Community Care
Washington	Arcadian Health Plan, Inc.	Spokane Community Care and Columbia Community Care
Virginia	Arcadian Health Plan, Inc.	Southeast Community Care

Schedule 5.13(b)

CONFLICTS WITH INTELLECTUAL PROPERTY

None

Schedule 5.16

PERMITS

Set forth below are all Permits held by the Company or any Company Subsidiary:

Subsidiary	Jurisdiction	Type of Permit / License
Arcadian Health Plan, Inc.	Washington	Health Care Service Contractor
		Spokane City Business License
	Arizona	Health Care Services
	Texas	Health Maintenance Organization
	South Carolina	Health Maintenance Organization
		North Charleston City Business License
	Maine	Health Maintenance Organization
	California	Knox Keene License
		Oakland City Business License
		San Dimas City Business License
	Missouri	Health Maintenance Organization
New Hampshire	Health Maintenance Organization	
Virginia	Health Maintenance Organization	
Arcadian Health Plan of Georgia, Inc.	Georgia	Health Maintenance Organization
Arcadian Health Plan of North Carolina, Inc.	North Carolina	Health Maintenance Organization
		Charlotte City Business License
Arkansas Community Care, Inc.	Arkansas	Health Maintenance Organization
		Little Rock City Business License
	Texas	Health Maintenance Organization
Oklahoma	Health Maintenance Organization	
Arcadian Health Plan of Louisiana, Inc.	Louisiana	Health Maintenance Organization
Arcadian Health Plan of New York, Inc.	New York	Health Maintenance Organization
Arcadian Management Services, Inc.	California	Oakland City Business License
		San Dimas City Business License

Schedule 5.23(a) is hereby incorporated herein by this reference.

No Permit other than those listed above is necessary for the transaction of the Businesses of the Company and the Company Subsidiaries as currently conducted.

No written notice of any violation has been received by the Company or any Company Subsidiary in the past three (3) years in respect of any of the above Permits and there is no proceeding which is pending or, to the Knowledge of the Company, threatened that is reasonably likely to suspend or revoke or impose any material penalty or liability with respect to any such Permit.

Schedule 5.17(a)

EMPLOYEES

This schedule has been excluded due to confidentiality of information contained therein.

Schedule 5.17(b)

EMPLOYEES COMPENSATED BY CLOSING

This has been excluded due to confidentiality of information contained therein.

Schedule 5.17(c)

EMPLOYEES WITH SPECIAL EMPLOYMENT AGREEMENTS

This schedule has been excluded due to confidentiality of information contained therein.

Schedule 5.17(f)

LABOR-RELATED CLAIMS, CHARGES AND LAWSUITS

There are no exceptions to the representations and warranties made in Section 5.17(f) of the Agreement.

Schedule 5.18(a)

BENEFIT PLANS

Set forth below is a true and complete list of all Benefit Plans:

1997 Equity Incentive Plan

2007 Equity Incentive Plan

2011 Incentive Program

Project Sanction Remediation Retention Program

Arcadian Management Services, Inc. 401(k) Plan

Employee Benefits Plans include

- Kaiser Permanente Traditional Plan
- Anthem Blue Cross HMO
- Anthem Blue Cross Prudent Buyer
- Anthem Blue Cross PPO
- MetLife Group Policy KM 05591710-G (Dental)
- VSP Group Vision Care Plan
- Arcadian Cafeteria Plan
- Anthem Blue Cross Life and Accidental Death and Dismemberment Insurance
- Anthem Life Group Short Term Disability Insurance
- Anthem Life Group Long Term Disability Insurance
- Anthem Blue Cross Optional Life and Accidental Death and Dismemberment Insurance

Arcadian Management Services, Inc., Senior Executive Change in Control Severance Plan,
effective October 15, 2010

Schedule 5.18(i)

2007 Equity Incentive Plan

In the event of a Change in Control, the total number of outstanding stock options issued pursuant to the 2007 Equity Incentive Plan shall vest immediately prior to such Change in Control.

Schedule 5.18(k)

NON-QUALIFIED DEFERRED COMPENSATION PLAN

This has been excluded due to confidentiality of information contained therein.

Schedule 5.20

INSURANCE POLICIES

This schedule has been excluded due to confidentiality of information contained therein.

Schedule 5.21(a)

BANK ACCOUNTS

This schedule has been excluded due to confidentiality of information contained therein.

Schedule 5.21(c)

COMPANY-ISSUED CREDIT CARDS

This has been excluded due to confidentiality of information contained therein.

Schedule 5.22(a)

ACCOUNTS RECEIVABLE AGING

Set forth below is a complete and accurate list of all accounts receivable (determined in accordance with GAAP), with aging, of the Company and the Company Subsidiaries:

1. Accounts Receivable Aging Dated as of July 31, 2011

Description	Total	0-30 Days	31-60 Days	61-90 Days	90+ Days
140005 - AR - Trade	16,377,472	14,069,803	147,616	151,530	2,008,522
140010 - AR - DF CMS - Part C	143,865	27,940	22,133	18,996	74,795
140015 - AR - DF CMS - Part D	20,922	4,674	3,843	2,512	9,894
140505 and 140510 (AR - Member Premium - Part C&D)	187,100	90,594	50,609	45,897	
141511 - AR - Final - Risk Adjustment (2011)	14,746,410	14,746,410			
143561 - AR - Low Income Cost Sharing (2011)	904,991	904,991			
144061 - AR - Reinsurance (2011)	459,278	459,278			
144509 - AR - PBM Rebates (2009)	73,198				73,198
144510 - AR - PBM Rebates (2010)	1,369,952				1,369,952
144511 - AR - PBM Rebates (2011)	7,055,273	1,007,896	1,662,279	859,626	3,525,472
144600 - AR - Coverage Gap Discount	428,681	428,681			
Total	41,767,143	31,740,267	1,886,480	1,078,562	7,061,834

Schedule 5.22(b)

ACCOUNTS PAYABLE AGING

Set forth below is a complete and accurate list of all accounts payable (determined in accordance with GAAP), with due dates, of the Company and the Company Subsidiaries:

1. Accounts Payable Aging Dated as of August 12, 2011

Vendor	Amount Due	Current Period	31 - 60 Days	61 - 90 Days	91 and Over
All's Well, Inc.	\$1,050.80	\$1,050.80	\$0.00	\$0.00	\$0.00
CDW Computer Centers, Inc.	37,748.59	37,748.59	-	-	-
Corporate Express Inc.	(123.74)	(123.74)	-	-	-
Cross Telecom	3,687.50	-	-	-	3,687.50
CSI Leasing, Inc.	5,015.82	5,015.82	-	-	-
De Lage Landen Financial Services	601.48	601.48	-	-	-
DLC, Inc.	17,228.78	17,228.78	-	-	-
Edgewood Partners Insurance Center	12.00	-	12.00	-	-
Greenberg Traurig LLP	5,070.65	5,044.80	-	-	25.85
Legacy LLC	27,855.88	27,855.88	-	-	-
Metropolitan Life Insurance Company	31,746.39	31,746.39	-	-	-
Mitchell, Williams, Selig, Gates & Woody	2,877.32	2,877.32	-	-	-
Monster Inc	2,916.37	-	-	-	2,916.37
N Software Inc.	500.00	500.00	-	-	-
Office Ally LLC	402.50	402.50	-	-	-
OfficeTeam	1,399.20	1,399.20	-	-	-
Protiviti Inc	21,682.92	21,682.92	-	-	-
Richards Kibbe & Orbe LLP	7,670.31	7,670.31	-	-	-
Roger Taylor	9,687.50	9,687.50	-	-	-
Sheppard Mullin LP	100,728.49	100,728.49	-	-	-
Toor Brothers Corporation	4,130.00	4,130.00	-	-	-
UNUM Life Insurance Company of America	1,643.28	1,643.28	-	-	-
Andrea M Marks	141.40	-	-	141.40	-
Angelo Arnold	50.49	-	16.83	16.83	16.83

Vendor	Amount Due	Current Period	31 - 60 Days	61 - 90 Days	91 and Over
Bret Kirkman	25.00	-	-	-	25.00
Examination Management Services, Inc.	(675.00)	(675.00)	-	-	-
Matthew Malagese	63.96	-	-	-	63.96
P&R Insurance and Benefit Services, Inc.	11.68	-	2.92	2.92	5.84
Quality Insurance	433.36	-	-	-	433.36
Steven M Gregory	16.83	-	-	-	16.83
TOTALS	\$283,599.76	\$276,215.32	\$31.75	\$161.15	\$7,191.54

Schedule 5.23

TRANSACTIONS WITH AFFILIATES

Stock Purchase Agreement dated as of December 5, 1997 by and between the Company and John H. Austin, M.D.

Restricted Stock Purchase Agreement dated as of December 31, 1997 by and between the Company and Cheryl L. Perkins.

Restricted Stock Purchase Agreement dated as of November 1, 1998 by and between the Company and Kenneth B. Zimmerman.

Second Amended and Restated Investors Rights Agreement dated August 17, 2005 by and between the Company and Morgan Stanley Dean Witter Venture Partners IV, L.P., Morgan Stanley Dean Witter Venture Investors IV, L.P., Morgan Stanley Dean Witter Venture Offshore Investors IV, L.P., Morgan Stanley Venture Partners 2002 Fund, L.P. and Morgan Stanley Venture Investors 2002 Fund, L.P.

Registration Rights Agreement dated August 17, 2005 by and between the Company and Morgan Stanley Dean Witter Venture Partners IV, L.P., Morgan Stanley Dean Witter Venture Investors IV, L.P., Morgan Stanley Dean Witter Venture Offshore Investors IV, L.P., Morgan Stanley Venture Partners 2002 Fund, L.P. and Morgan Stanley Venture Investors 2002 Fund, L.P.

Second Amended and Restated Investors Rights Agreement dated August 17, 2005 by and between the Company and Three Arch Capital, L.P., TAC Associates, L.P., Three Arch Partners II, L.P., Three Arch Partners IV, L.P. and Three Arch Associates IV, L.P.

Registration Rights Agreement dated August 17, 2005 by and between the Company and Three Arch Capital, L.P., TAC Associates, L.P., Three Arch Partners II, L.P., Three Arch Partners IV, L.P. and Three Arch Associates IV, L.P.

Warrant Agreement dated November 27, 2006 by and between the Company and Three Arch Partners.

Administrative Services Agreement dated June 1, 2004 by and between the Company and Arcadian Health Plan, Inc. as amended by the First Amendment dated April 1, 2005 and the Second Amendment dated April 1, 2006.

Access Agreement dated April 1, 2005 by and between Arcadian Health Plan, Inc. and Arkansas Community Care, Inc.

Administrative Services Agreement dated July 11, 2007 by and between the Company and Arcadian Health Plan of North Carolina, Inc.

Cost Allocation and Shared Services Agreement dated August 14, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., and Arcadian Health Plan of Georgia, Inc.

Amendment to Cost Allocation and Shared Services Agreement dated July 11, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of

Georgia, Inc., and Arcadian Health Plan of North Carolina, Inc.

Amendment to Cost Allocation and Shared Services Agreement dated August 14, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., and Arcadian Health Plan of Georgia, Inc., and Arcadian Health Plan of Louisiana, Inc.

Management and Administrative Services Agreement dated October 6, 2008 by and between Arcadian Health Plan, Inc. and Arcadian Health Plan of New York, Inc.

Management and Administrative Services Agreement dated October 6, 2008 by and between the Company and Arcadian Health Plan of New York, Inc.

Management and Administrative Services Agreement Fee Waiver dated January 1, 2010 by and between the Company and Arcadian Health Plan of New York, Inc.

Tax Allocation Agreement dated January 1, 2009 by and among the Company and Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of Georgia, Inc., Arcadian Health Plan of North Carolina, Inc., Arcadian Health Plan of Louisiana, Inc., and Arcadian Health Plan of New York, Inc.

Administrative Services Agreement dated May 25, 2006 by and between the Company and Arcadian Health Plan of Georgia, Inc.

Schedule 5.25(a)

HEALTH CARE PERMITS

Set forth below is a list of the Permits issued respectively to the Company or the Company Subsidiaries under the Health Care Laws:

Subsidiary	Jurisdiction	Type(s) of Insurance
Arcadian Health Plan, Inc.	Washington	Health Care Service Contractor
	Arizona	Health Care Services
	Texas	Health Maintenance Organization
	South Carolina	Health Maintenance Organization
	Maine	Health Maintenance Organization
	California	Knox Keene License
	Missouri	Health Maintenance Organization
	New Hampshire	Health Maintenance Organization
	Virginia	Health Maintenance Organization
Arcadian Health Plan of Georgia, Inc.	Georgia	Health Maintenance Organization
Arcadian Health Plan of North Carolina, Inc.	North Carolina	Health Maintenance Organization
Arkansas Community Care, Inc.	Arkansas	Health Maintenance Organization
	Texas	Health Maintenance Organization
	Oklahoma	Health Maintenance Organization
Arcadian Health Plan of Louisiana, Inc.	Louisiana	Health Maintenance Organization
Arcadian Health Plan of New York, Inc.	New York	Health Maintenance Organization

Schedule 5.25(d)

STATE REGULATORY FILINGS

Set forth below is a list of all annual statements and quarterly statements of the Company and the Company Subsidiaries required under Health Care Laws and filed with Governmental Authorities for the years ended December 31, 2009 and December 31, 2010:

Subsidiary	Report Filed With	Report	As of
Arcadian Health Plan, Inc.	Insurance Department of the State of Washington	Quarterly Report	3/31/09
		Quarterly Report	6/30/09
		Quarterly Report	9/30/09
		Annual Report	12/31/09
		Quarterly Report	3/31/10
		Quarterly Report	6/30/10
		Quarterly Report	9/30/10
		Annual Report	12/31/10
Arkansas Community Care, Inc.	Insurance Department of the State of Arkansas	Quarterly Report	3/31/09
		Quarterly Report	6/30/09
		Quarterly Report	9/30/09
		Annual Report	12/31/09
		Quarterly Report	3/31/10
		Quarterly Report	6/30/10
		Quarterly Report	9/30/10
		Annual Report	12/31/10
Arcadian Health Plan of Georgia, Inc.	Insurance Department of the State of Georgia	Quarterly Report	3/31/09
		Quarterly Report	6/30/09
		Quarterly Report	9/30/09
		Annual Report	12/31/09
		Quarterly Report	3/31/10
		Quarterly Report	6/30/10
		Quarterly Report	9/30/10
		Annual Report	12/31/10
Arcadian Health Plan of Louisiana, Inc.	Insurance Department of the State of Louisiana	Quarterly Report	3/31/09
		Quarterly Report	6/30/09
		Quarterly Report	9/30/09
		Annual Report	12/31/09
		Quarterly Report	3/31/10
		Quarterly Report	6/30/10
		Quarterly Report	9/30/10
		Annual Report	12/31/10
Arcadian Health Plan of North Carolina, Inc.	Insurance Department of the State of North Carolina	Quarterly Report	3/31/09
		Quarterly Report	6/30/09
		Quarterly Report	9/30/09
		Annual Report	12/31/09
		Quarterly Report	3/31/10
		Quarterly Report	6/30/10
		Quarterly Report	9/30/10
		Annual Report	12/31/10
Arcadian Health Plan of New York, Inc.	Insurance Department of the State of New York	Quarterly Report	3/31/09
		Quarterly Report	6/30/09
		Quarterly Report	9/30/09
		Annual Report	12/31/09
		Quarterly Report	3/31/10
		Quarterly Report	6/30/10
		Quarterly Report	9/30/10
		Annual Report	12/31/10

Schedule 5.25(f)

SERVICE AREAS

Set forth below is an accurate, correct and complete description of the geographic areas in which the Company Subsidiaries hold Permits and are authorized by Governmental Authorities and CMS to market, sell, offer and administer MA Plans pursuant to the Applicable Laws:

State	Counties				
AR	Benton	Franklin	Lafayette	Ouachita	Sebastian
	Boone	Garland	Little River	Perry	Sevier
	Carroll	Hempstead	Logan	Pike	Sharp
	Clark	Hot Spring	Lonoke	Polk	Stone
	Cleburne	Howard	Madison	Pope	Washington
	Columbia	Independence	Miller	Pulaski	White
	Conway	Izard	Montgomery	Saline	Yell
	Crawford	Johnson	Nevada	Scott	
AZ	Mohave	Yavapai			
CA	Shasta	Tulare			
GA	Bibb	Crawford	Liberty	Oconee	Talbot
	Bryan	Effingham	Madison	Oglethorpe	Taylor
	Chatham	Elbert	Marion	Putnam	Twiggs
	Chattahoochee	Greene	Monroe	Richmond	Webster
	Clarke	Harris	Morgan	Screven	
	Columbia	Jones	Muscogee	Stewart	
LA	Acadia	Cameron	Grant	Morehouse	Terrebonne
	Allen	Catahoula	Iberia	Ouachita	Union
	Beauregard	Claiborne	Jackson	Rapides	Vermilion
	Bienville	Concordia	Jefferson Davis	Red River	Webster
	Bossier	De Soto	Lafayette	Richland	West Baton Rouge
	Caddo	East Baton Rouge	Lincoln	St Landry	West Carroll
	Calcasieu	East Carroll	Livingston	St Martin	
	Caldwell	Franklin	Madison	Tensas	
ME	Androscoggin	Franklin	Knox	Penobscot	Somerset
	Aroostook	Hancock	Lincoln	Piscataquis	Waldo
	Cumberland	Kennebec	Oxford	Sagadahoc	York
MO	Barry	Dallas	Laclede	Polk	Webster
	Cedar	Douglas	Lawrence	Pulaski	Wright
	Christian	Greene	Mc Donald	Stone	
	Dade	Jasper	Newton	Taney	
NC	Beaufort	Cumberland	Jones	Pamlico	Wake
	Carteret	Edgecombe	Lenoir	Pender	Wayne
	Chatham	Greene	Onslow	Pitt	
	Craven	Guilford	Orange	Rockingham	
NH	Carroll	Hillsboro	Rockingham		
NY	Madison	Oneida	Onondaga		

State	Counties				
OK	Adair	Haskell	Mc Curtain	Pushmataha	
	Delaware	Le Flore	Ottawa	Sequoyah	
SC	Allendale	Charleston	Dorchester	Pickens	Spartanburg
	Berkeley	Colleton	Greenville	Richland	
TX	Anderson	El Paso	Houston	Potter	Trinity
	Armstrong	Franklin	Jefferson	Randall	Upshur
	Bowie	Freestone	Kaufman	Red River	Van Zandt
	Camp	Gregg	Marion	Rusk	Williamson
	Carson	Hardin	Morris	Shelby	Wood
	Cass	Harrison	Navarro	Smith	
	Cherokee	Henderson	Oldham	Titus	
	Deaf Smith	Hopkins	Panola	Travis	
VA	Botetourt	Franklin	Portsmouth City	Roanoke City	Virginia Beach City
	Chesapeake	Norfolk City	Roanoke	Salem	
WA	Benton	Franklin	Spokane	Yakima	

Schedule 5.26(a)

None.

Schedule 5.26(b)

(i) all orders, letters, communications or other notices from CMS or any other Governmental Authority relating to the Company's or any of the Company Subsidiaries' failure to meet any of the requirements for continued participation in the Programs (including any orders, letters, communications or notices relating to CMS' low plan rating(or "star rating") or stating that continued participation may be contingent on the Company or the Company Subsidiaries developing, adopting, implementing or taking any sort of corrective or remedial actions).

This schedule has been excluded due to confidentiality of information contained therein.

Schedule 5.27

MEDICARE/MEDICAID PENALTIES

This schedule has been excluded due to confidentiality of information contained therein.

Schedule 5.28

RECOUPMENT PROCEEDINGS

There are no exceptions to the representations and warranties made in Section 5.28 of the Agreement.

Schedule 5.29

MATERIAL PRODUCERS

This schedule has been excluded due to confidentiality of information contained therein.

Schedule 5.30

MATERIAL HEALTH CARE PROVIDERS

This schedule has been excluded due to confidentiality of information contained therein.

Schedule 5.31

RESERVES

There are no exceptions to the representations and warranties made in Section 5.31 of the Agreement.

Schedule 5.32

CAPITAL OR SURPLUS MANAGEMENT

As more fully set forth below, the Company Subsidiaries referenced below are subject to certain requirements to maintain capital or surplus amounts or levels and certain restrictions on the payment of dividends or other distributions on their respective membership interests or shares of capital stock:

- All dividends declared by Arcadian Health Plan, Inc. require approval from the Washington Office of the Insurance Commissioner
- The minimum risk based capital ratio for Arcadian Health Plan of Georgia, Inc. is 250% of ACL
- Arcadian Health Plan, Inc. is subject to a maximum premium to surplus ratio of 8 to 1 as determined by the Washington Office of the Insurance Commissioner

Schedule 7.1

CONDUCT OF BUSINESS

The Company may award up to \$2 million in transaction bonuses that, if awarded, would be paid at Closing to certain employees of the Company to be determined following the date of the Agreement.

Schedule 7.13

RELATED-PARTY CONTRACTS NOT TERMINATED WITH TRANSACTION

The Intra Company Group Contracts set forth below will not be terminated on or prior to the Closing Date:

Administrative Services Agreement dated June 1, 2004 by and between the Company and Arcadian Health Plan, Inc. as amended by the First Amendment dated April 1, 2005 and the Second Amendment dated April 1, 2006.

Access Agreement dated April 1, 2005 by and between Arcadian Health Plan, Inc. and Arkansas Community Care, Inc.

Administrative Services Agreement dated July 11, 2007 by and between the Company and Arcadian Health Plan of North Carolina, Inc.

Cost Allocation and Shared Services Agreement dated August 14, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., and Arcadian Health Plan of Georgia, Inc.

Amendment to Cost Allocation and Shared Services Agreement dated July 11, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of Georgia, Inc., and Arcadian Health Plan of North Carolina, Inc.

Amendment to Cost Allocation and Shared Services Agreement dated August 14, 2007 by and between Arcadian Health Plan, Inc., Arkansas Community Care, Inc., and Arcadian Health Plan of Georgia, Inc., and Arcadian Health Plan of Louisiana, Inc.

Management and Administrative Services Agreement dated October 6, 2008 by and between Arcadian Health Plan, Inc. and Arcadian Health Plan of New York, Inc.

Management and Administrative Services Agreement dated October 6, 2008 by and between the Company and Arcadian Health Plan of New York, Inc.

Management and Administrative Services Agreement Fee Waiver dated January 1, 2010 by and between the Company and Arcadian Health Plan of New York, Inc.

Tax Allocation Agreement dated January 1, 2009 by and among the Company and Arcadian Health Plan, Inc., Arkansas Community Care, Inc., Arcadian Health Plan of Georgia, Inc., Arcadian Health Plan of North Carolina, Inc., Arcadian Health Plan of Louisiana, Inc., and Arcadian Health Plan of New York, Inc.

Administrative Services Agreement dated May 25, 2006 by and between the Company and Arcadian Health Plan of Georgia, Inc.

Schedule 10.3(e)

CONSENTS, APPROVALS AND WAIVERS

Set forth below is a list of every consent, approval and waiver to be delivered to Parent on or prior to the Closing Date:

Schedule 3.2(a)(v) is hereby incorporated herein by this reference.

Schedule 10.3(g)

GOOD STANDING

Certificates of officers and public officials to establish the existence and good standing of the Company and the Company Subsidiaries in the jurisdictions listed below will be delivered to Parent on or prior to the Closing Date:

Entity's Name	Domestic Jurisdiction	Foreign Jurisdictions
Arcadian Management Services, Inc.	Delaware	Louisiana, North Carolina, Oklahoma, South Carolina and Texas
Arkansas Community Care, Inc.	Arkansas	Oklahoma and Texas
Arcadian Health Plan, Inc.	Washington	Arizona, California, Maine, Missouri, New Hampshire, South Carolina, Texas, Virginia and Washington
Arcadian Health Plan of Georgia, Inc.	Georgia	
Arcadian Health Plan of Louisiana, Inc.	Louisiana	
Arcadian Health Plan of North Carolina, Inc.	North Carolina	
Arcadian Health Plan of New York, Inc.	New York	
Arcadian Choice, Inc.	Texas	

Schedule 14.1

PERMITTED ENCUMBRANCES

Permitted Encumbrances comprise, in part, the liens identified below:

Jurisdiction	Filing No. File Date	Debtor(s)	Secured Party / Parties	Collateral Description
<i>Delaware Dept of State</i>	<i>20070745579 2/27/2007</i>	<i>Arcadian Management Services, Inc.</i>	<i>Bank of the West - Equipment Leasing*</i>	<i>Specific equipment lease</i>
<i>Delaware Dept of State</i>	<i>20070746643 2/27/2007</i>	<i>Arcadian Management Services, Inc.</i>	<i>Bank of the West - Equipment Leasing*</i>	<i>Specific equipment lease</i>
<i>Delaware Dept of State</i>	<i>20083632237 10/28/2008</i>	<i>Arcadian Management Services, Inc.</i>	<i>US Bancorp*</i>	<i>Specific equipment</i>
<i>Delaware Dept of State</i>	<i>20083807102 11/13/2008</i>	<i>Arcadian Management Services, Inc.</i>	<i>US Bancorp*</i>	<i>Specific equipment</i>
<i>Delaware Dept of State</i>	<i>20101752934 5/19/2010</i>	<i>Arcadian Management Services, Inc.</i>	<i>CSI Leasing, Inc.*</i>	<i>Specific equipment lease</i>
<i>Delaware Dept of State</i>	<i>20102046302 6/11/2010</i>	<i>Arcadian Management Services, Inc.</i>	<i>De Lage Landen Financial Services, Inc.*</i>	<i>Specific equipment lease</i>
<i>Delaware Dept of State</i>	<i>20103321712 9/23/2010</i>	<i>Arcadian Management Services, Inc.</i>	<i>CSI Leasing, Inc.*</i>	<i>Specific equipment lease</i>
<i>Delaware Dept of State</i>	<i>20103321787 9/23/2010</i>	<i>Arcadian Management Services, Inc.</i>	<i>De Lage Landen Financial Services, Inc.*</i>	<i>Specific equipment lease</i>

* Pending termination and release

EXHIBIT 2 TO FORM A FILED BY HUMANA INC.

**SUMMARY OF
AGREEMENT AND PLAN OF MERGER
HUMANA INC., HUMSOL, INC.,
ARCADIAN MANAGEMENT SERVICES, INC.,
and
CERTAIN STOCKHOLDERS OF ARCADIAN MANAGEMENT SERVICES, INC.**

This summary is provided for the convenience of Department officials who may review the Form A application submitted by Humana Inc. Capitalized terms used and not otherwise defined shall have the meanings that the Merger Agreement assigns to them. In summary, the transaction is as follows:

Parties

The Agreement and Plan of Merger (“Merger Agreement”) was entered into as of August 24, 2011, among Humana Inc. (“Humana”), its wholly owned subsidiary Humsol, Inc. (“Humsol”), Arcadian Management Services, Inc. (“Arcadian”), and Arcadian stockholders that are signatories to the Merger Agreement. Humsol has no operations and was formed for the sole purpose of effecting the merger and other transactions the Merger Agreement contemplates.

Basic Structure

Humsol will merge with and into Arcadian, with Arcadian being the Surviving Corporation. The separate corporate existence of Humsol will cease, and Arcadian will assume all assets and liabilities of Humsol and continue as the Surviving Corporation. The governing documents of Humsol immediately prior to the Closing will become the governing documents of the Surviving Corporation. Each share of Humsol common stock outstanding immediately prior to the Closing will be converted into one (1) fully paid and nonassignable share of common stock of Arcadian as the Surviving Corporation following the Closing. Those shares, all owned by Humana, will then be the only outstanding shares of capital stock of Arcadian. The directors and officers of Humsol immediately prior to the Closing will become the directors and officers of the Surviving Corporation, each to hold office in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation until their resignation, removal or replacement.

Effective Time

At Closing, Humana, Humsol and Arcadian will execute and cause to be filed a Certificate of Merger with the Secretary of State of the State of Delaware. The Merger will be deemed effective at the time that such agreement and such certificate are filed with the Delaware Secretary of State.

Purchase Price

At Closing, Humana will pay the purchase price in cash to acquire all issued and outstanding capital stock of Arcadian. The purchase price will equal \$150.0 million (called the Base Purchase Price), plus or minus, as applicable, the Estimated Value Surplus (i.e., Estimated Value minus Reference Value) or the Estimated Value Deficiency (i.e., Estimated Value minus Reference Value). Reference Value is defined as \$55,541,716. Estimated Value means a good faith estimate of (a) the Working Capital of Arcadian, plus (b) the Statutory Reserve of each of the subsidiaries of Arcadian. At Closing, the adjusted Base Purchase Price will be allocated as follows:

- \$25.5 million will be placed into an Escrow Account pursuant to an Escrow Agreement;
- Approximately \$85.3 million will be used to satisfy and retire certain indebtedness of Arcadian at Closing;
- \$1.0 million will be paid to the Stockholder Representative for the sole purpose of performing the Stockholder Representative's duties under the Merger Agreement; and
- The balance will be paid to the holders of capital stock of Arcadian.

The Base Purchase Price will be subject to a post-Closing adjustment to reflect (a) the Working Capital of Arcadian and (b) the Statutory Reserve of each of the subsidiaries of Arcadian, as of Closing. Humana will deliver a Closing Value Statement to the Stockholder Representative no later than October 31, 2012. The purchase price adjustment, escrow, payment of indebtedness and payment to stockholders are described further below.

Purchase Price Adjustment

The purpose of the post-Closing adjustment to the Base Purchase Price is to account for the increase or decrease in the value of (a) the Working Capital of Arcadian and (b) Statutory Reserve of each of its subsidiaries, as determined by Arcadian at or around the Closing (the Estimated Value), based on certain reconciliations, claims payments, recoveries and other specified events using September 30, 2012, as the cut-off. The terms on which the post-Closing adjustment will be made are described in Section 4 of the Merger Agreement.

As Section 4.2 states, not later than October 31, 2012, Humana will prepare a Closing Value Statement setting forth the determination of (a) the Working Capital of Arcadian (on an unconsolidated basis) and (b) the Statutory Reserve of each of Arcadian's subsidiaries (the aggregate of (a) and (b) being the Closing Value). With respect to the Statutory Reserve of the subsidiaries of Arcadian, the Statutory Reserve as of the Closing will reflect (i) any Federal Reconciliation Adjustments on or prior to September 30, 2012, and (ii) the Medical Claims Reserve, being equal to the aggregate dollar amount of (X) all Medical and Pharmacy Claims incurred prior to the Closing that are paid on or prior to September 30, 2012, (Y) all recoveries and repayments of claims incurred and paid prior to the Closing, which are applied, credited, offset or received after the Closing but prior to September 30, 2012 (including repayments or

recoveries received or due for overpayments, from reinsurance and stop loss coverage, subrogation and coordination of benefits), and (Z) a good faith estimate of all Medical and Pharmacy Claims incurred prior to Closing that have not been paid before September 30, 2012.

If the Closing Value as finally determined is less than the Estimated Value, then the Base Purchase Price will be reduced by that amount. Humana will be entitled to a prompt distribution from the Escrow Account in the amount of such deficiency.

If the Closing Value as finally determined is more than the Estimated Value, then the Base Purchase Price will be increased by that amount. Humana will pay to each Stockholder such Stockholder's Proportionate Share (unless otherwise directed by the Stockholder Representative) of the excess amount within three business days of the final determination of the Closing Value.

As a simple illustration, if Arcadian's Estimated Value at Closing is \$55.5 million and its Closing Value is ultimately determined to be precisely \$55.5 million, there will be no adjustment. But, if the Closing Value turns out to be, for example, \$56.5 million, then the excess adjustment is \$1.0 million, and the Base Purchase Price is increased by that amount. Humana will then pay to each Stockholder such Stockholder's Proportionate Share (unless otherwise directed by the Stockholder Representative) of the \$1 million excess amount as stated above.

The Closing Value Statement delivered by Humana to the Stockholder Representative will be final, binding and conclusive. If the Stockholder Representative disagrees, it must notify Humana of its intent to dispute any amounts in the Closing Value Statement within thirty (30) days of the delivery of same to the Stockholder Representative. The parties must engage in good faith attempt to resolve the dispute. In the event the parties do not resolve the dispute within ten (10) business days, Humana is to engage an independent accounting firm of national standing ("Arbitrator"), mutually selected by Humana and the Stockholder Representative, to perform a review of the Closing Value Statement. Any such review must be based exclusively on presentation and supporting materials provided by the parties and not pursuant to any independent review. The conclusions of the Arbitrator will be final and binding on the parties.

Payment of Indebtedness

At Closing, a portion of the purchase price will be used to pay off indebtedness of Arcadian. The current estimates of such payoff are as follows:

	Amount
<i>Senior Secured Credit Agreement, dated as of February 8, 2007</i>	\$42,675,234.54
Morgan Stanley Senior Funding, Inc.	
Beach Point Distressed Master Fund, LP	
Map 90 Segregated Portfolio of LMA SPC	
<i>Secured Credit Agreement, dated as of July 5, 2007</i>	\$28,671,741.93
TAC Associates, L.P.	
Three Arch Partners IV, L.P.	
Three Arch Associates IV, L.P.	

Three Arch Capital, L.P.	
<i>Third Lien Secured Credit Agreement, dated as of May 23, 2008</i>	\$12,482,831.72
Morgan Stanley Dean Witter Venture Partners IV, L.P.	
Morgan Stanley Dean Witter Venture Investors IV, L.P.	
Morgan Stanley Dean Witter Venture Offshore Investors IV, L.P.	
Morgan Stanley Venture Partners 2002 Fund, L.P.	
Morgan Stanley Venture Investors 2002 Fund, L.P.	
John Austin (now represented by Third Amended Austin/Smalley Living Trust dated March 4, 2004)	
Allen Wise	
Lawrence N. and Dulcie Kugelman Living Trust Dated May 1988	
Alexander Kugelman	
Stryker Warren	
Marilyn Warren	
Edward Blumenstock	
Kenneth Zimmerman	
Les Granow	
Robert Schreiber	
Skip Rosenbloom	
<i>Amended and Restated Loan and Security Agreement, dated as of August 17, 2005</i>	\$1,080,625.69
John H. Austin, M.D. (now represented by Third Amended Austin/Smalley Living Trust dated March 4, 2004)	
<i>Amended and Restated Loan and Security Agreement, dated as of August 17, 2005</i>	\$434,270.14
Kenneth B. Zimmerman	

Payments to Stockholders

At Closing, all issued and outstanding capital stock of Arcadian will be cancelled and converted into the right to receive cash consideration. The outstanding shares of Humsol stock will be converted into stock in Arcadian, all of which will be owned by Humana. More specifically:

- Each share of Arcadian's Common Stock issued and outstanding immediately prior to the Acquisition will, by virtue of the Acquisition and without any action on the part of the holder thereof, cease to have any rights with respect thereto, except the right to receive the Closing Merger Consideration Per Share Balance. Basically, all of the holders of Common Stock, as a group (including holders of Preferred Stock which is treated as having been converted to Common Stock for this purpose) will share what is left of the Base Purchase Price (subject to adjustment) after: (i) Arcadian's indebtedness has been paid, (ii) the Escrow Amount has been set aside, (iii) the Shareholder Representative receives its \$1.0 million, and (iv) after the Preferred Stockholders are paid as outline below.
- Each share of Arcadian's Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock issued and outstanding immediately

prior to the Acquisition will, by virtue of the Acquisition and without any action on the part of the holders, be cancelled and cease to exist and will be converted into the right to receive (a) for Series A shares, \$1.00 per share plus any declared and unpaid dividends thereon, (b) for Series B shares, \$1.925 per share plus any declared and unpaid dividends thereon, (c) for Series B-1 shares, \$1.00 per share plus any declared and unpaid dividends thereon, (d) for Series C shares, \$10.734 per share plus any declared and unpaid dividends thereon; provided however, that in the event that the amount payable per Series C share exceeds \$21.468, then the Series C share amount will be \$7.156 per share (rather than \$10.734) and any declared and unpaid dividends thereon, plus (e) for all Series of shares, the consideration payable for each share of Common Stock that would be issued upon conversion of such Series shares.

Each Stockholder will also receive any amounts released by the Escrow Agent from Escrow Account of any Escrow Funds not used for payment of any excess of Closing Value over Estimated Value and Stockholders' indemnification obligations. The payment will be paid at various intervals within 36 months after the Closing.

American Stock Transfer & Trust Company, LLC is Paying Agent for the payment of the Per Share Merger Consideration upon surrender of Certificates representing shares of Capital Stock of Arcadian. Humana will cause Arcadian (as the Surviving Corporation) to provide to the Paying Agent as and when needed after Closing, all cash necessary to pay for the shares of Arcadian Capital Stock (the Exchange Fund). As soon as reasonably practicable after the Closing, the Paying Agent will follow the procedures set forth in the Merger Agreement to contact Stockholders of Arcadian for surrender of Certificates in exchange for the Per Share Merger Consideration. The Certificates surrendered will forthwith be cancelled.

Escrow Payments

On or prior to Closing, Humana, the Stockholder Representative and American Stock Transfer & Trust Company, LLC (Escrow Agent) will enter into an Escrow Agreement in the form of Merger Agreement Exhibit B (Section 2.4). At Closing, Humana will deposit into the Escrow Account the Escrow Amount of \$25.5 million (Escrow Funds). The Escrow Funds are to be allocated for (i) payment of any Closing Value adjustments pursuant to Section 4.3 of the Merger Agreement (i.e., the Closing Value determined by Humana is less than the Estimated Value determined by Arcadian); and (ii) any indemnifiable losses of Humana pursuant to Section 11. Section 11 contains the parties' indemnification rights and obligations. The Escrow Agent will release the Escrow Funds to Stockholders certain amount of Escrow Funds at various intervals within the 36 month period after Closing. On the date 36 months after the Closing, any remaining Escrow Funds (other than amounts for unresolved claims) will be distributed to the Stockholders. In the event of any disagreement between Humana and the Stockholder Representative regarding the Closing Value adjustment or the Stockholders' indemnification obligations, the dispute will be submitted to an Arbitrator (described above) for resolution.

Closing

The Closing is to take place on the third (3rd) business day after all of the conditions to the respective obligations of the parties, including the necessary regulatory approvals, have been satisfied or waived, or at such other time and date as Humana and Arcadian so agree.

The terms and conditions of the Merger Agreement resulted from good faith, arm's length negotiations between representatives of Humana and Arcadian.

The Boards of Directors of each of the corporate parties to the transaction identified above have determined that the individual transactions are in the best interests of the respective parties and their stockholders (attached as Exhibits to the application) and the requisite number of Stockholders have approved the transaction on the terms and conditions summarized above. See Exhibit 10, Exhibit 11 and Exhibit 12.

**EXHIBIT 3 TO FORM A FILED BY HUMANA INC.
WITH NORTH CAROLINA DEPARTMENT OF INSURANCE
LIST OF LEAD DOI CONTACTS FOR THESE FORM A APPLICATIONS**

STATE	NAME	CONTACT INFORMATION
Arkansas	Brenda Haggard	Arkansas Insurance Department 1200 West Third Street Little Rock, AR 72201 (501) 371-2600 or (800) 282-9134 (501) 371-2618 fax Tel. (501) 371-2822 E-mail: brenda.haggard@arkansas.gov Web site: http://insurance.arkansas.gov/
Georgia	Scott Sanders	Office of Insurance and Fire Safety Commissioner Regulatory Services Division 2 Martin Luther King, Jr. Drive West Tower, Suite 620 Atlanta, Georgia 30334 Tel. 404-656-2074 Tel. (404) 657-7742 E-mail: SSanders@oci.ga.gov Web site: www.gainsurance.org/
Louisiana	Stewart Guerin Chief Examiner	Louisiana Department of Insurance 1702 N. 3rd Street Baton Rouge, LA 70802 P.O. Box 94214 Baton Rouge, Louisiana 70804-9214 Tel. (225) 219-3929 Fax (225) 342-9203 E-mail: sguerin@ldi.state.la.us Web site: http://www.ldi.la.gov/
New York	Charles Lovejoy	New York State Insurance Department 25 Beaver Street New York, NY 10004 Tel. (212) 480-5045 E-mail: clovejoy@ins.state.ny.us Web site: http://www.ins.state.ny.us/

STATE	NAME	CONTACT INFORMATION
North Carolina	Debra M. Walker Chief Financial Analyst, Financial Evaluation Division	North Carolina Department of Insurance 401 Glenwood Avenue Raleigh, NC 27603 Tel. (919) 424-6260 Fax (919) 715-7490 E-mail: dwalker@ncdoi.com Web site: www.ncdoi.com/
Texas	Doug Slape, Chief Analyst, Financial Analysis Division	Texas Department of Insurance PO Box 149104 Austin, Texas 78714-9104 Tel. (512) 322-5012 E-mail: doug.slape@tdi.state.tx.us Web site: http://www.tdi.texas.gov/
Washington	Ron Pastuch Holding Company Manager	Washington State Office of the Insurance Commissioner PO Box 40255 Olympia, WA 98504-0255 5000 Capitol Blvd. Tumwater, WA 98501 Tel. (360) 725-7211 E-mail: RonP@OIC.WA.GOV Web site: www.insurance.wa.gov/

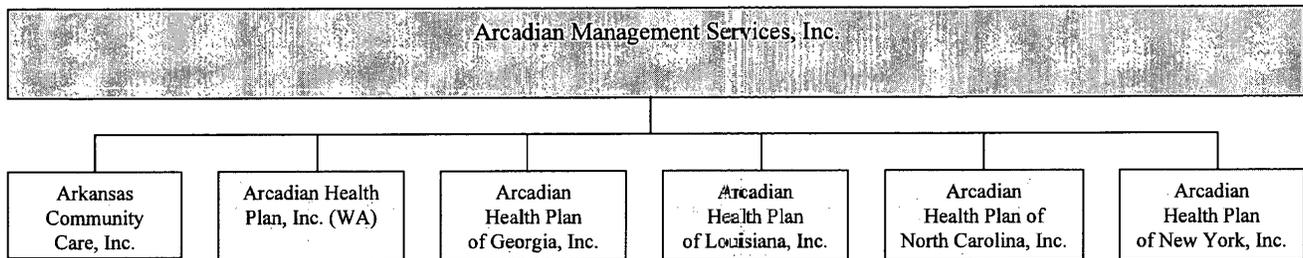
NOTE: Subject to further additions and changes and any corrections.

Date: September 13, 2011

Squire, Sanders & Dempsey (US) LLP

MIAMI/4270672.2

Current and Pre-Closing Corporate Organizational Chart of Arcadian Management Services, Inc. and Subsidiaries



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**BIOGRAPHICAL INFORMATION
HUMANA INC. EXECUTIVE OFFICERS AND DIRECTORS**

EXECUTIVE OFFICERS PRINCIPAL EMPLOYMENT FOR THE PAST FIVE (5) YEARS

<u>Principal Executive Office:</u>	Humana Inc. 500 West Main Street Louisville, KY 40202	PRINCIPAL EMPLOYMENT IS WITH HUMANA INC. UNLESS OTHERWISE INDICATED
Michael B. McCallister	August 2010 – Present Feb. 2000 – August 2010	Chairman of the Board & Chief Executive Officer President & Chief Executive Officer
James H. Bloem	May 2003 - Present	Senior Vice President, Chief Financial Officer and Treasurer <i>Mr. Bloem is also a Director of the following companies: Warner Chilcott, Ltd. -Bermuda Res-Care, Inc. Rotech Healthcare Inc.</i>
Bruce J. Goodman	Sept. 2002 - Present	Senior Vice President - Chief Service and Information Officer
Bonita C. Hathcock	Feb. 2001 - Present	Senior Vice President - Chief Human Resources Officer
Paul B.K. Kusserow	Feb. 2009 – Present Jan. 2007 – Feb. 2009 2004 – 2007	Senior Vice President and Chief Strategy and Corporate Development Officer Managing Director B. C. Ziegler and Company, Inc. 200 South Wacker Drive Suite 2000 Chicago, IL 60606 Managing Director San Ysidro Capital Partners LLC 1601 Cloverfield Boulevard, 2 nd Floor, South Tower Santa Monica, CA 90404 <i>Mr. Kusserow is also a Director of the following companies: NuView</i>
Thomas J. Liston	June 2008 - Present July 2000 - June 2008	Senior Vice President - Senior Products Senior Vice President –Strategy & Corporate Development
Venkata Rajamannar Madabhushi	April 2009 - Present 2006-2008 2003-2005	Senior Vice President and Chief Innovation and Marketing Officer Executive Vice President and Chief Marketing Officer, Global Cards Citigroup 399 Park Avenue New York, New York 10043 Chairman and Chief Executive Officer – Diners Club North America Citigroup 399 Park Avenue New York, New York 10043
Heidi S. Margulis	May 2003 - Present	Senior Vice President – Public Affairs

EXECUTIVE OFFICERS **PRINCIPAL EMPLOYMENT FOR THE PAST FIVE YEARS**
(Continued)

Steven E. McCulley	August 2004 - Present	Vice President & Controller (Principal Accounting Officer)
James E. Murray	Sept. 2002 - Present	Chief Operating Officer
Christopher M. Todoroff	August 2008 - Present	Senior Vice President and General Counsel
	January 2006 - August 2008	Vice President and Corporate Secretary, Senior Corp. Counsel Aetna Life Insurance Company 151 Farmington Avenue Hartford, CT 06156
	December 2004 - January 2006	Senior Corporate and Securities Counsel
	April 2004 - April 2006	Vice President, Associate General Counsel and Assistant Secretary

DIRECTORS**PRINCIPAL EMPLOYMENT FOR THE PAST FIVE YEARS**

Frank A. D'Amelio	Humana Inc. Director since September 2003
September 2007 - Present	Senior Vice President and Chief Financial Officer Pfizer Inc. 235 East 42nd Street New York, NY 10017
Dec. 1, 2006 - August 2007	Senior Executive Vice President Integration and Chief Administrative Officer Alcatel-Lucent 600 Mountain Avenue, Room 6C370 Murray Hill, NJ 07974
March 2006 - Nov. 2006	Director and Chief Operating Officer Lucent Technologies Inc. 600 Mountain Avenue, Room 6C370 Murray Hill, NJ 07974
Jan. 2006 - Feb. 2006	Chief Operating Officer and Chief Financial Officer
May 2001 - Jan. 2006	Executive Vice President and Chief Financial Officer
	<i>Mr. D'Amelio serves on the Boards of Trustees of Independent College Fund of New Jersey</i>
	<i>He is also a member of The J P Morgan Chase National Advisory Board.</i>

W. Roy Dunbar	Humana Inc. Director since April 2005
Oct. 2009 – Dec. 2009	Chairman of the Board Network Solutions 13861 Sunrise Valley Drive Herndon, VA 20171
Feb. 2008 - Oct. 2009	Chairman and Chief Executive Officer Network Solutions 13861 Sunrise Valley Drive Herndon, VA 20171
Sept. 2004 - Jan. 2008	President Global Technology and Operations MasterCard International 2200 MasterCard Boulevard O'Fallon, MO 63366-7263

Kurt J. Hilzinger	Humana Inc. Director since July 2003
Nov. 1, 2007 - Present	Partner Court Square Capital Partners, LP Park Avenue Plaza 55 East 52nd Street, 34th Floor New York, NY 10055
March 2004 - Sept. 2007	Director, President and Chief Operating Officer AmerisourceBergen Corporation 1300 Morris Drive, Suite 100 Chesterbrook, PA 19087

DIRECTORS**PRINCIPAL EMPLOYMENT FOR THE PAST FIVE YEARS**

(Continued)

David A. Jones, Jr.	Humana Inc. Director since 1993	
	August 2010 – Present April 2005 – August 2010 Sept. 1996 - April 2005	Humana Inc. – Director Humana Inc. –Chairman of the Board Humana Inc. - Vice Chairman of the Board
	1998 - Present	Chairman and Managing Director Chrysalis Ventures, LLC 1650 National City Tower 101 S. Fifth Street Louisville, KY 40202
Michael B. McCallister	August 2010 – Present Feb. 2000 – August 2010	Chairman of the Board & Chief Executive Officer Director, President & Chief Executive Officer
William J. McDonald	Humana Inc. Director since October 2007	
	1998 - Present	Executive Vice President, Brand Management Capital One Financial Corporation Attn: Suite #1426D 1680 Capital One Drive McLean, VA 22102-1549
William E. Mitchell	Humana Inc. Director since April 2009	
	January 2010 – Present	Partner Sequel Capital Management, LLC
	February 2003 – May 2009 May 2006 – December 2009	President and Chief Executive Officer Executive Chairman of the Board of Directors Arrow Electronics, Inc. 50 Marcus Drive Melville, New York 11747-4210
		<i>Mr. Mitchell is also a director of Brown-Forman Corporation, Rogers Corporation, and National Semiconductor Corporation.</i>
David B. Nash, MD	Humana Inc. Director since January 2010	
	2008 - Present	Founding Dean Jefferson School of Population Health at Thomas Jefferson University 1015 Walnut Street, Curtis 115 Philadelphia, PA 19107
	2003 - 2008	Chairman, Department of Health Policy
James J. O'Brien	Humana Inc. Director since April 2006	
	2002 - Present	Chairman of the Board and Chief Executive Officer Ashland Inc. P.O. Box 391 Ashland, KY 41114
Marissa T. Peterson	Humana Inc. Director since August 2008	
	2005 - 2006	Executive Vice President (Resigned) Sun Microsystems, Inc. 4150 Network Circle Santa Clara, CA 95054
	2004 - 2005	Executive Vice President, Sun Services and Worldwide Operations and Chief Customer Advocate
		<i>Mrs. Peterson is also a director of Ansell Limited and Quantros, and serves on the Board of Lucile Packard Children's Hospital.</i>

DIRECTORS

PRINCIPAL EMPLOYMENT FOR THE PAST FIVE YEARS

(Continued)

W. Ann Reynolds, Ph.D

Humana Inc. Director since 1991

December 2003 - Present

Working with independent media entities in Illinois and charitable organizations in New York

August 2002 - December 2003

Director (Resigned)
Center for Community Outreach and Development
The University of Alabama at Birmingham
(Also Professor of Biology at UAB - 6/02)

Dr. Reynolds is also a director of Owens-Corning, Inc. and Life Technologies Corporation

Directors / Officers Report

Humsol, Inc.

Directors

Michael B. McCallister

James E. Murray

James H. Bloem

Officers

Michael B. McCallister Chief Executive Officer

James H. Bloem Senior Vice President, Chief Financial Officer & Treasurer

**Paul B. Kusserow Senior Vice President - Chief Strategy and Corporate
Development Officer**

George G. Bauernfeind Vice President

Charles F. Lambert III Vice President

Joan O. Lenahan Vice President and Corporate Secretary

Ralph M. Wilson Vice President

Joseph C. Ventura Assistant Secretary

**HUMSOL, INC.
WASHINGTON DEPARTMENT OF INSURANCE
BIOGRAPHICAL AFFIDAVITS**

NAME OF OFFICER/DIRECTOR	TITLE	DATE BIO SUBMITTED TO THE WASHINGTON DOI	COMPANY NAME & REASON SUBMITTED
George G. Bauernfeind	Vice President	October, 2008	HMO License for Medicare Advantage Only--Humana Health Plan, Inc.
James H. Bloem	Director, Senior Vice President, Chief Financial Officer and Treasurer	October, 2008	HMO License for Medicare Advantage Only--Humana Health Plan, Inc.
Paul B. Kusserow	Senior Vice President	Never	N/A
Charles F. Lambert, III	Vice President	Never	N/A
Joan O. Lenahan	Vice President and Corporate Secretary	October, 2008	HMO License for Medicare Advantage Only--Humana Health Plan, Inc.
Michael B. McCallister	Director & Chief Executive Officer	October, 2008	HMO License for Medicare Advantage Only--Humana Health Plan, Inc.
James E. Murray	Director	October, 2008	HMO License for Medicare Advantage Only--Humana Health Plan, Inc.
Joseph C. Ventura	Assistant Secretary	Never	N/A
Ralph M. Wilson	Vice President	October, 2008	HMO License for Medicare Advantage Only--Humana Health Plan, Inc.

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "HUMSOL, INC.", FILED IN THIS OFFICE ON THE ELEVENTH DAY OF AUGUST, A.D. 2011, AT 3:16 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

5023571 8100

110912308

You may verify this certificate online
at corp.delaware.gov/authver.shtml




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8965240

DATE: 08-11-11

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:14 PM 08/11/2011
FILED 03:16 PM 08/11/2011
SRV 110912308 - 5023571 FILE

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

- **First:** The name of this Corporation is Humsol, Inc.
- **Second:** Its registered office in the State of Delaware is to be located at 2711 Centerville Road, Suite 400 Street, in the City of Wilmington County of New Castle Zip Code 19808. The registered agent in charge thereof is Corporation Service Company
- **Third:** The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- **Fourth:** The amount of the total stock of this corporation is authorized to issue is One Thousand (1,000) shares (number of authorized shares) with a par value of One Dollar (\$1.00) per share.
- **Fifth:** The name and mailing address of the incorporator are as follows:
Name Joan O. Lenahan, Vice President and Corporate Secretary
Mailing Address 500 West Main Street, 21st Floor
Louisville, KY Zip Code 40202
- **I, The Undersigned,** for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 11th day of August, A.D. 20 11.

BY: Joan O. Lenahan
(Incorporator)

NAME: Joan O. Lenahan
(type or print)

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CERTIFICATE of INCORPORATION
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BY: Joan O. Lenahan
(Incorporator)

NAME: Joan O. Lenahan
(type or print)

BYLAWS

Of

HUMSOL, INC.

(A Delaware Corporation)

ARTICLE I

OFFICES

The principal office of the Corporation in its domestic state shall be determined from time to time by its Board of Directors. The Corporation may have such other offices, either within or without the domestic state as the business of the Corporation may require.

The registered office of the Corporation may be, but need not be, identical with the principal office and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

SHAREHOLDERS

SECTION 1. ANNUAL MEETING. The annual meeting of shareholders shall be held no less than annually in the month of April or at such time as designated by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the day designated for any annual meeting, or at any adjournment thereof, the election shall be held at a special meeting of the shareholders to be held as soon thereafter as may be convenient.

SECTION 2. SPECIAL MEETINGS. Special meetings of the shareholders may be called by the Chairman of the Board, by a majority of the members of the Board of Directors or by the holders of not less than one-fifth of all the outstanding shares of the Corporation.

SECTION 3. PLACE OF MEETING. The annual meeting, or any special meeting called by the Board of Directors, shall be held at such place designated by the Board of Directors.

A waiver of notice, signed by all shareholders, may designate any place, either within or without its domestic state, as the place for the holding of such meeting. If a special meeting be otherwise called, the place of meeting shall be the office of the Corporation in its domestic state, except as otherwise provided in Section 5 of this Article.

SECTION 4. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, facsimile or electronic mail, by or at the direction of the Chairman of the Board, or the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope addressed to the shareholder at his or her address as it appears on the records of the Corporation, with postage thereon prepaid.

SECTION 5. MEETING OF ALL SHAREHOLDERS. If all of the shareholders shall meet at any time and place, either within or without the domestic state, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

SECTION 6. QUORUM. A majority of the outstanding shares of the Corporation, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders; provided, that if less than a majority of the outstanding shares are represented at said meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice.

SECTION 7. PROXIES. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy, and such proxy may be withdrawn at any time.

SECTION 8. VOTING OF SHARES. Subject to the provisions of Section 10, each outstanding share of common stock shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

SECTION 9. VOTING OF SHARES BY CERTAIN HOLDERS. Shares standing in the name of another Corporation, domestic or foreign, may be voted by such officer, agent or proxy as the Bylaws of such Corporation may prescribe, or, in the absence of such provision, as the Board of Directors of such Corporation may determine.

SECTION 10. VOTING. In all elections of directors, every shareholder shall have the right to vote, in person or by proxy, the number of shares owned by him or her, for as many persons as there are directors to be elected. All voting shall be on a non-cumulative basis.

SECTION 11. INFORMAL ACTION BY SHAREHOLDERS. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by its Board of Directors.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors or shareholders (any such resolution of either the Board of Directors or shareholders being subject to any later resolution of either of them) but in no event shall such number be less than three or more than fifteen. Each director shall hold office for the term for which he or she is elected or until his or her successor shall have been elected and qualifies for the office, whichever period is longer. Directors need not be residents of the domestic state nor need they be the holder of any shares of the capital stock of the Corporation.

SECTION 3. COMMITTEES OF THE BOARD. The Board of Directors may from time to time appoint such standing or special committees as it may deem for the best interest of the Corporation, but no such committee shall have any powers, except such as are expressly conferred upon it by the Board of Directors.

SECTION 4. MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw, immediately after, and at the same place, as the annual meeting of shareholders. Additional regular meetings of the Board of Directors may be held at any time and place designated by them. Special meetings of the Board of Directors may be called by or at the request of the

Chairman of the Board or a majority of the directors. Special meetings shall be held, at such place designated by the Board of Directors. Meetings may be held by the directors participating in same by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation constitutes presence in person for all those participating. Whenever the laws of the domestic state authorize or permit directors to act other than at a meeting including but not limited to acting through unanimous written consents, then such actions shall be as effective as if taken by the directors at a meeting.

SECTION 5. NOTICE. Notice of any special meeting shall be given at least two (2) days previously thereto by written notice delivered personally or mailed to each director at his or her business address, or by facsimile or electronic mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by facsimile or electronic mail, such notice shall be deemed to be delivered when the facsimile or electronic mail is transmitted and confirmation of receipt is obtained. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 7. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 8. VACANCIES. Any vacancy occurring in the Board of Directors or in a directorship to be filled by reason of an increase in the number of directors, may be filled by the vote of the directors then in office which shall continue to act, though less than a quorum, or by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

SECTION 9. RESIGNATION OF DIRECTORS. Any director may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman of the Board or the President. Any such resignation shall take effect at the time specified therein or, if no time is specified, upon receipt thereof by the Board of Directors or one of the above named officers; and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 10. REMOVAL OF DIRECTORS. At any special meeting of the stockholders, duly called as provided in these Bylaws, any director or directors may, by the affirmative vote of the holders of a majority of all the shares of stock outstanding and entitled to vote for the election of directors, be removed from office, either with or without cause. At such meeting a successor or successors may be elected by a majority of the votes cast.

SECTION 11. COMPENSATION. Directors, as such, shall not receive any stated salaries for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors; provided that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

OFFICERS

SECTION 1. CLASSES. The officers of the Corporation shall be a President or Chief Executive Officer ("President"), a Vice President, a Secretary, a Treasurer, and such other officers as may be elected or appointed in accordance with the provisions of Sections 2 or 4 of this article.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Corporation would be served thereby.

SECTION 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. CHAIRMAN OF THE BOARD. If there is a Chairman of the Board, he or she may also be the Chief Executive Officer of the Corporation and shall be elected from among the members of the Board of Directors. Subject to the direction of the Board of Directors, he or she shall have general charge of the business affairs and property of the Corporation and general supervision over its officers and agents. If present, he or she shall preside at all meetings of stockholders and he or she shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she may sign, with any other officer thereunto duly authorized certificates of stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature), and may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts, agreements or other instruments duly authorized by the Board of Directors except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. From time to time, he or she shall report to the Board of Directors all matters within his or her knowledge which the interests of the Corporation may require to be brought to their attention. He or she shall also perform such other duties as are given to him or her by these Bylaws or as from time to time may be assigned to him or her by the Board of Directors.

SECTION 6. PRESIDENT. If there is no Chairman of the Board, the President shall have all the powers, duties and responsibilities designated in Section 5 of this article as belonging to the Chairman of the Board and shall be elected from among the members of the Board of Directors. If there is a Chairman of the Board, the President shall be an executive officer of the Corporation and, subject to the direction of the Board of Directors and the Chairman of the Board, he or she shall have supervision of the business of the Corporation and its other officers and agents. In the absence of the Chairman of the Board he or she shall preside at meetings of the stockholders and of the Board of Directors. He or she may sign, with any other officer thereunto duly authorized, certificates of stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature), and may sign and execute in the name of the Corporation, deeds, mortgages, bonds, contracts, agreements or other instruments duly authorized by the Board of Directors except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. From time to time, he or she shall report to the Board of Directors all matters within his or her knowledge which the interests of the Corporation may require to be brought to their attention. He or she shall also perform such other duties as are given to him or her by these Bylaws, or from time to time may be assigned to him or her by the Board of Directors.

SECTION 7. VICE PRESIDENTS. The Vice Presidents shall perform such duties as are given to them by these Bylaws or as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board, or the President, and, in the order of their seniority, or in any other order as the Board of Directors may from time to time determine; they shall, in the absence of the President, have all the powers of and be subject to all restrictions upon the President, and may sign in the name of the Corporation, deeds, mortgages, bonds and other instruments.

SECTION 8. SECRETARY. The Secretary shall:

- (a) Record all the proceedings of the meetings of the stockholders, the Board of Directors, and any committees in a book or books to be kept for that purpose;
- (b) Cause all notices to be duly given in accordance with the provisions of these Bylaws and as required by statutes;
- (c) Whenever any committee shall be appointed in pursuance of a resolution of the Board of Directors, furnish the Chairman of such committee with a copy of such resolution;
- (d) Be custodian of the records and of the seal of the Corporation, and cause such seal to be affixed to all certificates representing stock of the Corporation prior to the issuance thereof and to all instruments the execution of which on behalf of the Corporation under its seal shall have been duly authorized;
- (e) See that the lists, books, reports, statements, certificates and other documents and records required by statute are properly kept and filed;
- (f) Have charge of the stock and transfer books of the Corporation, and exhibit such stock book at all reasonable times to such persons as are entitled by statute to have access thereto;
- (g) Sign (unless the Treasurer or an Assistant/Associate Secretary or an Assistant Treasurer shall sign) certificates representing stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature); and
- (h) In general, perform all duties incident to the office of the Secretary and such other duties as are given to him or her by these Bylaws or as from time to time may be assigned to him or her by the Board of Directors or the President.

SECTION 9. ASSISTANT/ASSOCIATE SECRETARIES. At the request of the Secretary or in his or her absence or disability, the Assistant/Associate Secretary designated by him or her (or in the absence of such designation, the Assistant/Associate Secretary designated by the Board of Directors or the Chairman of the Board or the President) shall perform all the duties of the Secretary, and, when so acting, shall have all the powers of and be subject to all restrictions upon the Secretary. The Assistant/Associate Secretaries shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the Chairman of the Board, the President or the Secretary.

SECTION 10. TREASURER. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. He or she shall: (a) have charge and custody of and

be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article V of these By-laws and (b) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Chairman or the Board of Directors.

SECTION 11. ASSISTANT TREASURERS. At the request of the Treasurer or in his or her absence or disability, the Assistant Treasurer designated by him or her (or in the absence of such designation, the Assistant Treasurer designated by the Board of Directors or the Chairman of the Board or the President) shall perform all the duties of the Treasurer, and, when so acting, shall have all the powers of and be subject to all restrictions upon the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the Chairman of the Board, the President or the Treasurer.

ARTICLE V

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances.

SECTION 2. LOANS. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE VI

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. *Certificates representing shares of the Corporation shall be in such form as may be determined by the Board of Directors. Such certificates shall be signed by the Chairman of the Board, the President or Vice President and by the Secretary or an Assistant/Associate Secretary and shall be sealed with the seal of the Corporation. All certificates for shares shall be consecutively numbered. The name of the person owning the shares represented thereby with the number of shares and date of issue shall be entered on the books of the Corporation. All certificates surrendered to the Corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.*

SECTION 2. TRANSFERS OF SHARES. Transfers of shares of the Corporation shall be made only on the books of the Corporation by the registered holder thereof or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

ARTICLE VII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the 1st day of January and end on the 31st day of December of each year, but may be changed by resolution of the Board of Directors.

ARTICLE VIII

DIVIDENDS

The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE IX

SEAL

The Board of Directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and other appropriate wording.

ARTICLE X

WAIVER OF NOTICE

Whenever any notice whatsoever is required to be given under the provisions of these Bylaws, or under the provisions of the Articles of Incorporation, or under the provisions of the Corporation Laws of the domestic state, waiver thereof in writing, signed by the person, or persons, entitled to such notice whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XI

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Right of Indemnification. Every person now or hereafter serving as a director or officer of the Corporation and every such director or officer serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation in accordance with and to the fullest extent permitted by law for the defense of, or in connection with, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

Section 2. Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of such director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article XI.

Section 3. Other Rights of Indemnification. The right of indemnification herein provided shall not be deemed exclusive of any other rights to which any such director or officer may now or hereafter be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE XII

AUDITS

Audits of the Corporation's books of accounts shall be included in the consolidated audit process of Humana Inc., the Corporation's ultimate controlling entity.

ARTICLE XIII

AMENDMENTS

The shareholders may alter, amend or rescind the Bylaws at any annual or special meeting of shareholders at which a quorum is present, by the vote of a majority of the stock represented at such meeting, provided that the notice of such meeting shall have included notice of such proposed amendment. The Board of Directors shall have the power and authority to alter, amend or rescind Bylaws of the Corporation at any regular or special meeting at which a quorum is present by the vote of a majority of the entire Board of Directors, subject always to the power of the shareholders to change such action of the directors.

ARTICLE XIV

GENDER AND NUMBER REFERENCES

In this document the singular means the plural and the plural the singular, as appropriate, and the proper gender- male, female, or neuter- shall be deemed substituted as appropriate.

CERTIFICATE

I, **JOAN O. LENAHAN**, the duly elected, qualified Secretary of HUMANA INC. (the "Company"), do hereby certify that at a meeting of the Board of Directors held on August 17, 2011, the Board of Directors unanimously adopted the following resolutions:

RESOLVED, that the Board of Directors of the Company has determined that it is advisable and in its best interest that the Company acquire all of the outstanding common stock of Arcadian Management Services, Inc. ("Arcadian") pursuant to that certain Agreement and Plan of Merger by and among the Company, Arcadian Acquisition Corp., Arcadian Management Services, Inc., and certain stockholders of Arcadian Management Services, Inc. (the "Arcadian Merger Agreement") pursuant to terms as presented to the Board, subject to changes as deemed appropriate by management; and

FURTHER RESOLVED, that the Company be and hereby is authorized to negotiate, prepare, deliver and carry out the terms of the Arcadian Merger Agreement to cause the purchase of all of the stock of Arcadian for a purchase price of up to One Hundred Fifty Million Dollars (\$150 million), payable as described in the Arcadian Merger Agreement; and

FURTHER RESOLVED, that any of the officers of the Company be and they hereby are authorized to file all documents as required by regulatory authorities to carry out the intent of the foregoing resolutions, including, but not limited to any filings subject to state insurance regulatory requirements and filings in connection with the Hart Scott Rodino Antitrust Improvements Act of 1976; and

FURTHER RESOLVED, that any of the officers of the Company be and they hereby are authorized to execute any and all documents, including but not limited to ancillary agreements, as may be necessary to carry out the intent and purpose of the foregoing resolutions.

I further certify that the above resolutions have not been modified, revoked or rescinded and is in full force and effect this 21 day of September, 2011.



JOAN O. LENAHAN
VICE PRESIDENT & SECRETARY

CERTIFICATE

I, JOAN O. LENAHAN, the duly elected, qualified and acting Vice President & Secretary of HUMSOL, INC. (the "Corporation"), do hereby certify that by written consent dated August 17, 2011, the Board of Directors unanimously adopted the following resolutions:

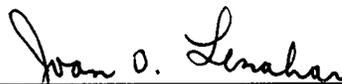
WHEREAS, the Board of Directors of Humana Inc., ("Humana") the ultimate parent in the holding company system, has determined that it is advisable and in its best interest that it acquire all of the outstanding common stock of Arcadian Management Services, Inc. ("Arcadian") pursuant to that certain Agreement and Plan of Merger by and among Humana, the Corporation, Arcadian Acquisition Corp., Arcadian Management Services, Inc., and certain stockholders of Arcadian Management Services, Inc. (the "Arcadian Merger Agreement") pursuant to terms as presented to the Board, subject to changes as deemed appropriate by management;

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Corporation has determined that it is advisable and in its best interest of the Corporation to enter into the Arcadian Merger Agreement; and

FURTHER RESOLVED, that any of the officers of the Company be and they hereby are authorized to file all documents as required by regulatory authorities to carry out the intent of the foregoing resolutions, including, but not limited to any filings subject to state insurance regulatory requirements, filings in connection with the Hart Scott Rodino Antitrust Improvements Act of 1976, and filing of the Merger Agreement and Plan of Merger with state regulatory authorities pursuant to the Arcadian Merger Agreement; and

FURTHER RESOLVED, that any of the officers of the Company be and they hereby are authorized to execute any and all documents, including but not limited to ancillary agreements, as may be necessary to carry out the intent and purpose of the foregoing resolutions.

I further certify that the above resolutions have not been modified, revoked or rescinded and are in full force and effect this 21 day of September, 2011.



JOAN O. LENAHAN
VICE PRESIDENT & SECRETARY

**WRITTEN CONSENT
OF STOCKHOLDERS
OF
ARCADIAN MANAGEMENT SERVICES, INC.
BY LESS THAN UNANIMOUS CONSENT**

August 24, 2011

The undersigned, being stockholders of Arcadian Management Services, Inc., a Delaware corporation (the "Corporation"), pursuant to Section 228(a) of the Delaware General Corporations Law (the "DGCL") and the Corporation's Bylaws, hereby adopt the following resolutions, effective as of August 24, 2011, without the holding of a meeting, such resolutions to have the same force and effect as if they had been adopted at a duly called and held meeting of the stockholders of the Corporation, and deliver this Written Consent to the Corporation for inclusion of the minutes and filing with the corporate records of the Corporation.

RECITALS

WHEREAS, the Corporation has entered into that certain Agreement and Plan of Merger dated as of August 24, 2011 by and among Humana Inc., a Delaware corporation ("Parent"), Humsol, Inc., a Delaware corporation and wholly-owned subsidiary of Parent ("Merger Sub"), the Corporation and certain stockholders of the Corporation's party thereto, in substantially the form attached hereto as Exhibit A (including the exhibits thereto, the "Merger Agreement");

WHEREAS, pursuant to and in accordance with the terms of the Merger Agreement, at the Effective Time (as defined in the Merger Agreement) Merger Sub will be merged with and into the Corporation in a statutory merger, the separate corporate existence of Merger Sub will cease and the Corporation will continue as the surviving corporation (the "Merger");

WHEREAS, the Board of Directors of the Corporation (the "Board") has determined that the Merger Agreement, and the transactions contemplated thereby, are advisable, fair to and in the best interests of the Corporation and its stockholders and have approved and adopted such agreements and the transactions in all respects;

WHEREAS, the Board has directed that the Merger Agreement and the transactions contemplated thereby, be submitted to the stockholders of the Corporation for their approval, and has unanimously recommended that the stockholders approve the Merger Agreement and the transactions contemplated thereby;

WHEREAS, there was an aggregate of 3,028,493 shares of Common Stock, 4,772,050 shares of Preferred Stock and 2,693,544 of Series C Preferred Stock of the Corporation issued and outstanding as of the record date determined by the Board for purposes of determining the stockholders entitled to vote on the Merger Agreement and the transactions contemplated thereby (the "Record Date");

WHEREAS, the undersigned stockholders hold an aggregate of 1,567,473 shares of Common Stock representing approximately 51.75% of the issued and outstanding shares of Common Stock of the Corporation as of the Record Date; 4,197,270 shares of Preferred Stock representing approximately 87.96% of the issued and outstanding shares of Preferred Stock of the Corporation as of the Record Date and 2,613,186 shares of Series C Preferred Stock of the Corporation representing approximately 97.02% of the issued and outstanding shares of Series C Preferred Stock of the Corporation as of the Record Date.

RESOLUTIONS

NOW, THEREFORE, BE IT RESOLVED, that each of the undersigned hereby approves and adopts the Merger Agreement and the transactions contemplated thereby in all respects;

RESOLVED FURTHER, that each of the undersigned hereby acknowledges receipt of an information summary in the form attached hereto as Exhibit B (the "Information Statement") relating to the adoption of the Merger Agreement, the approval of the Merger by the Corporation's Stockholders;

RESOLVED FURTHER, that each of the undersigned hereby approves the designation of Roger Taylor and Melissa Daniels as the joint representative (together, the "Stockholder Representative") in accordance with Section 13.1 of the Merger Agreement and agrees to be bound and abide by all actions taken and documents executed by the Stockholder Representative in accordance with the terms of the Merger Agreement and each other document or instrument executed and delivered or to be executed and delivered in connection therewith;

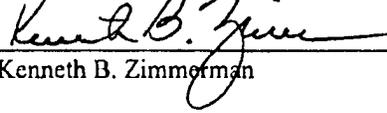
RESOLVED FURTHER, that all actions previously taken by the Board of the Corporation in connection with the Merger Agreement and the transactions contemplated thereby and the matters referred to in the foregoing resolutions are hereby approved, adopted, ratified and confirmed in all respects; and

RESOLVED FURTHER, that the Corporation is authorized, and its officers are authorized and empowered, in the name and on behalf of the Corporation, to take or cause to be taken all such further actions and to execute and deliver or cause to be executed and delivered, in the name and on behalf of the Corporation, all such further agreements, documents, and undertakings and to incur and pay all such costs, fees and expenses as in their judgment shall be necessary, appropriate or convenient to carry into effect the purposes and intent of any and all of the foregoing resolutions and the transactions contemplated thereby, the performance of such action or the execution of such agreements, instruments, certificates or other documents and any such payments to be conclusive evidence of the exercise of the discretionary authority conferred herein.

The undersigned have executed this Written Consent as of the date first set forth above, and the resolutions adopted by this Written Consent shall be as validly adopted as if at a duly-noticed meeting of the stockholders of the Corporation.

[SIGNATURE PAGES FOLLOW]

STOCKHOLDERS:


Kenneth B. Zimmerman

Number of Common Shares: 434,176

1133 Barroilhet

Hillsborough, CA 94010

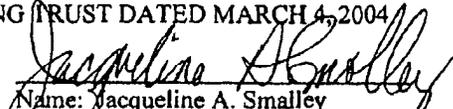
Phone: 510-817-1008

Email: kzimmerman@arcadianhealth.com

[Signature Page to Stockholders Written Consent]

THIRD AMENDED AUSTIN/SMALLEY
LIVING TRUST DATED MARCH 4, 2004

By:

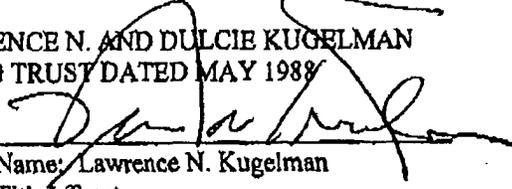

Name: Jacqueline A. Smalley
Title: Trustee

Number of Common Shares: 1,111,083

Attn: Jacqui Smalley
5920 Ross St.
Oakland, CA 94618
Phone: 510-817-1006
Email: Jacqui@bccranch.com

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By:


Name: Lawrence N. Kugelman
Title: Trustee

Number of Common Shares: 21,508

Attn: Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lnkdak@aol.com



Les Granow

Number of Common Shares: 706
Les Granow
865 17th Street
Manhattan Beach, CA 90266
Phone: 909-971-6800
Email: Lgranow@arcadianhealth.com

[Signature Page to Stockholders Written Consent]

PREFERRED A STOCKHOLDERS:
THREE ARCH PARTNERS II, L.P.
By: Three Arch Management II, L.L.C.,
its General Partner

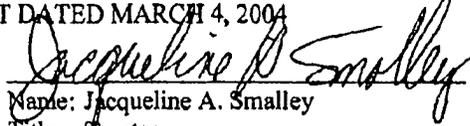
By: WJ
Name: WILFRED JAEGER
Title: MANAGING MEMBER

Number of Preferred A Shares: 355,000
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

PREFERRED B STOCKHOLDERS:

THIRD AMENDED AUSTIN/SMALLEY LIVING
TRUST DATED MARCH 4, 2004

By:


Name: Jacqueline A. Smalley
Title: Trustee

Number of Preferred B Shares: 218,182

Attn: Jacqui Smalley

5920 Ross St.

Oakland, CA 94618

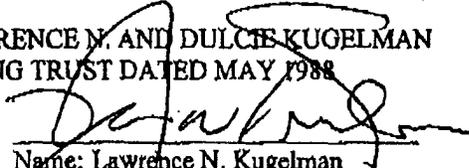
Phone: 510-817-1006

Email: Jacqui@bccranch.com

[Signature Page to Stockholders Written Consent]

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By:



Name: Lawrence N. Kugelman

Title: Trustee

Number of Preferred B Shares: 106,870

Attn: Larry N. Kugelman Sr.

24 Venezia

Newport Coast, CA 92657

Phone: 949-497-0149

Email: lnkdak@aol.com

[Signature Page to Stockholders Written Consent]



Alexander Kugelman

Number of Preferred B Shares: 11,500
Alexander Kugelman
c/o Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lnkdak@aol.com

[Signature Page to Stockholders Written Consent]


Stryker Warren

Number of Preferred B Shares: 51,948
Stryker Warren
Urologix Inc.
14405 21st Avenue North, Suite 110
Minneapolis, MN 55447-2000
Phone: 615-948-6710
Email: SWarren@Urologix.com

[Signature Page to Stockholders Written Consent]

Marilyn Warren
Marilyn Warren

Number of Preferred B Shares: 51.948

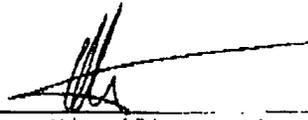
Marilyn Warren

448 Cumberland Place

Nashville, TN 37215

Phone: 615-665-2285

Email: SWJRMHW@comcast.net



Edward Blumenstock

Number of Preferred B Shares: 51,948
Edward Blumenstock
75 El Camino Real
Berkeley, CA 94705-2423
Phone: 510-825-1700
Email: edblumenstock@gmail.com

[Signature Page to Stockholders Written Consent]

Allen F. Wise

Allen F. Wise

Number of Preferred B Shares: 311,688

Allen Wise

Coventry Healthcare Corporation

6705 Rockledge Drive, Suite 900

Bethesda, Maryland 20817

Phone: 301-581-5464

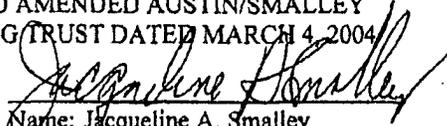
Email: allenwise1@hotmail.com

Email2: mashepherd@cvty.com

[Signature Page to Stockholders Written Consent]

PREFERRED B-1 STOCKHOLDERS:
THIRD AMENDED AUSTIN/SMALLEY
LIVING TRUST DATED MARCH 4, 2004

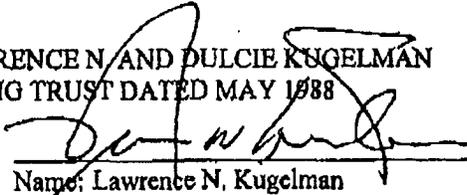
By:


Name: Jacqueline A. Smalley
Title: Trustee

Number of Preferred B-1 Shares: 275,000
Attn: Jacqui Smalley
5920 Ross St.
Oakland, CA 94618
Phone: 510-817-1006
Email: Jacqui@bccranch.com

LAWRENCE N AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By:



Name: Lawrence N. Kugelman

Title: Trustee

Number of Preferred B-1 Shares: 100,000

Attn: Larry N. Kugelman Sr.

24 Venezia

Newport Coast, CA 92657

Phone: 949-497-0149

Email: lnkdak@aol.com

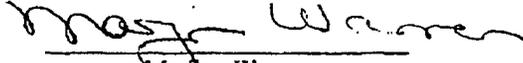
[Signature Page to Stockholders Written Consent]



Stryker Warren

Number of Preferred B-1 Shares: 25,000
Stryker Warren
Urologix Inc.
14405 21st Avenue North, Suite 110
Minneapolis, MN 55447-2000
Phone: 615-948-6710
Email: SWarren@Urologix.com

[Signature Page to Stockholders Written Consent]

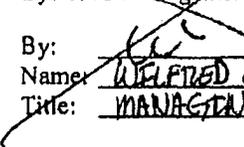

Marilyn Warren

Number of Preferred B-1 Shares: 25,000
Marilyn Warren
448 Cumberland Place
Nashville, TN 37215
Phone: 615-665-2285
Email: SWJRMHW@comcast.net

[Signature Page to Stockholders Written Consent]

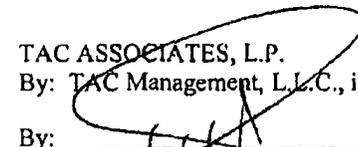
PREFERRED C STOCKHOLDERS:
THREE ARCH CAPITAL, L.P.

By: TAC Management, L.L.C., its General Partner

By: 
Name: WILFRED JAEGER
Title: MANAGING MEMBER

Number of Preferred C Shares: 520,396
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

TAC ASSOCIATES, L.P.
By: TAC Management, L.L.C., its General Partner

By: 
Name: WILFRED JAEGER
Title: MANAGING MEMBER

Number of Preferred C Shares: 24,602
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

THREE ARCH PARTNERS II, L.P.
By: Three Arch Management II, L.L.C.,
its General Partner

By: _____
Name: WILFRED JAEGER
Title: MANAGING MEMBER

Number of Preferred C Shares: 558,971
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

THREE ARCH PARTNERS IV, L.P.
By: Three Arch Management IV, L.L.C., its
General Partner

By: _____
Name: WILFRED JAEGER
Title: MANAGING MEMBER

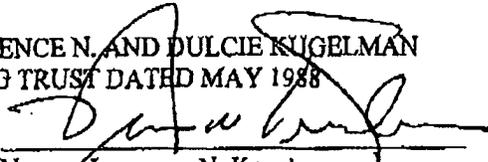
Number of Preferred C Shares: 355,483
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

THREE ARCH ASSOCIATES IV, L.P.
By: Three Arch Management IV, L.L.C., its
General Partner

By: _____
Name: WILFRED JAEGER
Title: MANAGING MEMBER

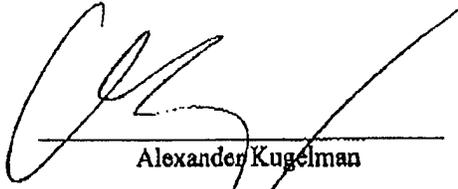
Number of Preferred C Shares: 7,849
Three Arch Partners
3200 Alpine Road
Portola Valley, CA 94028
Attn: Wilfred Jaeger
Email: wilfred@threearchpartners.com

LAWRENCE N. AND DULCIE KUGELMAN
LIVING TRUST DATED MAY 1988

By: 

Name: Lawrence N. Kugelman
Title: Trustee

Number of Preferred C Shares: 24,442
Attn: Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lmkdak@aol.com

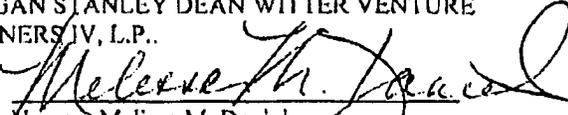


Alexander Kugelman

Number of Preferred C Shares: 3,500
Alexander Kugelman
c/o Larry N. Kugelman Sr.
24 Venezia
Newport Coast, CA 92657
Phone: 949-497-0149
Email: lnkdak@aol.com

MORGAN STANLEY DEAN WITTER VENTURE
PARTNERS IV, L.P.

By:


Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 483,945

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

MORGAN STANLEY DEAN WITTER VENTURE
INVESTORS IV, L.P.

By:

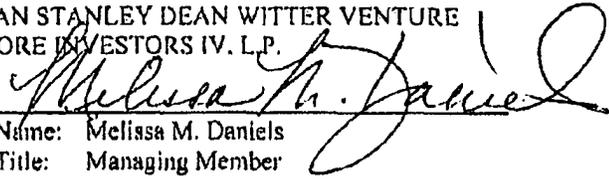

Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 56,146

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

MORGAN STANLEY DEAN WITTER VENTURE
OFFSHORE INVESTORS IV. L.P.

By:

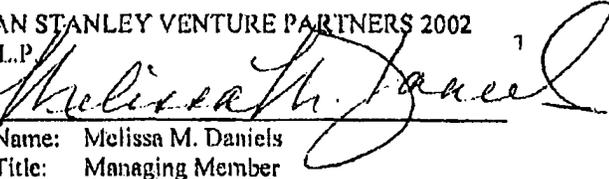

Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 18,881

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

MORGAN STANLEY VENTURE PARTNERS 2002
FUND, L.P.

By:

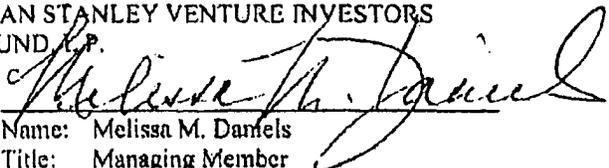

Name: Melissa M. Daniels
Title: Managing Member

Number of Preferred C Shares: 430,078

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

MORGAN STANLEY VENTURE INVESTORS
2002 FUND, L.P.

By:


Name: Melissa M. Daniels

Title: Managing Member

Number of Preferred C Shares: 128,893

Melissa Daniels
Morgan Stanley Dean Witter
2725 Sand Hill Road, Suite 130
Menlo Park, CA 94025
Phone: 650-234-5738
Email: Melissa.Daniels@morganstanley.com

[Signature Page to Stockholders Written Consent]

EXHIBIT A
MERGER AGREEMENT

Not Included.

EXHIBIT B
INFORMATION STATEMENT

See attached.

THE INFORMATION CONTAINED IN THIS MERGER SUMMARY IS CONFIDENTIAL AND PROPRIETARY AND IS BEING PROVIDED TO RECIPIENTS SOLELY FOR THEIR CONFIDENTIAL USE FOR THE PURPOSE OF EVALUATING THE MERGER AGREEMENT DESCRIBED HEREIN AND WITH THE EXPRESS UNDERSTANDING AND AGREEMENT THAT SUCH RECIPIENTS WILL NOT RELEASE THIS DOCUMENT TO, OR DISCUSS THE INFORMATION CONTAINED HEREIN WITH, ANY PERSON OTHER THAN THEIR INVESTMENT, TAX, LEGAL AND OTHER ADVISORS IN CONNECTION WITH EVALUATION OF THE MERGER AGREEMENT DESCRIBED HEREIN, AND ON THE CONDITION THAT SUCH ADVISORS SHALL AGREE TO HOLD SUCH INFORMATION AS CONFIDENTIAL ON IDENTICAL TERMS AND CONDITIONS, NOR WILL SUCH RECIPIENTS MAKE REPRODUCTIONS OF OR USE THIS MERGER SUMMARY FOR ANY PURPOSE OTHER THAN EVALUATING THE MERGER AGREEMENT DESCRIBED HEREIN. STATEMENTS HEREIN ARE MADE AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS DOCUMENT NOR THE CONSUMMATION OF ANY TRANSACTION CONTEMPLATED HEREIN SHALL CREATE, UNDER ANY CIRCUMSTANCE, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN ANY INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF.

MERGER AGREEMENT SUMMARY

I. OVERVIEW AND PURPOSE

This confidential Merger Agreement Summary is being furnished to you, as a stockholder of Arcadian, by Arcadian Management Services, Inc. ("**Arcadian**") in order to provide you an update on recent changes made to the draft Agreement and Plan of Merger by and among Humana, Inc. ("**Humana**"), Humsol, Inc., a Delaware corporation ("**Merger Sub**"), Arcadian and certain Stockholders of Arcadian Management Services, Inc. (such Stockholders that are parties thereto, the "**Stockholder Parties**"), (the "**Merger Agreement**"). The current draft of the Merger Agreement is dated August 20, 2011 and is attached hereto as Annex A. A redline showing changes to the Merger Agreement since the last draft circulated to you dated August 15, 2011 is attached hereto as Annex B.

Sheppard Mullin Richter & Hampton, LLP has acted as legal counsel only to Arcadian Management Services, Inc., in connection with the Merger Agreement and the transactions contemplated thereby, and has not represented (and does not represent) any of the creditors, stockholders, officers, directors or employees of Arcadian Management Services, Inc., in connection therewith. In order to obtain legal advice in connection with the Merger Agreement and transactions contemplated thereby, such persons should seek separate legal counsel.

This Merger Agreement Summary is qualified in its entirety by reference to the Merger Agreement. It is important to note that the following provides only summaries of certain provisions in the Merger Agreement and as such these summaries should be read in conjunction with, and are subject to the actual terms and conditions of, the Merger Agreement. The Merger

Agreement and the Schedules and Exhibits thereto should be read in their entirety. References to Sections in this summary are to Sections of the Merger Agreement. Terms capitalized but undefined herein have the meanings given to such terms in the Merger Agreement

II. SUMMARY OF CHANGES TO THE MERGER AGREEMENT

Option Re-Pricing/Discounted Options

- The cap and escrow have been increased by \$3,000,000 (i.e., total escrow and cap of \$25,500,000). Subject to escrow claims and other conditions, \$3,500,000 is released at approximately 15 months (or, if longer, following final determination of Closing Value), \$9,500,000 is released at 18 months, \$9,500,000 is released at 24 months and the rest (i.e., \$3,000,000) is released at 36 months (Section 2.4 of the Merger Agreement).
- Arcadian to represent that it has properly determined the option exercise price of each option granted and each such option qualifies as an incentive stock option under Section 422 of the IRC (Section 5.8(v) of the Merger Agreement).
- Arcadian to indemnify Humana for costs arising from any option issuances, including hiring a consultant to deal with the IRS, costs of remediation and internal costs incurred (Section 11.2(a)(viii) of the Merger Agreement).
- Arcadian must gross up any option holder that suffers 409A penalties or taxes (e.g., as a result of the option re-pricing or issuance of discounted options) (Sections 7.15 and 11.2(a)(viii) of the Merger Agreement).
- For option holders who were granted discounted options, Arcadian must file amended Forms W2-C, take all necessary corrective actions and pay all related taxes (Section 7.15 of the Merger Agreement).

Contract Terminations (Section 7.2(e) of the Merger Agreement)

- At Humana's request, Arcadian shall terminate any and all agreements between it and McKesson Health Solutions and its affiliates, and the Stockholders will bear any costs associated therewith.
- At Humana's request, Arcadian shall terminate (a) any contract that has not been provided to Humana or (b) any contract that was provided to Humana only in an incomplete form.

Stockholder Representative Fund (Section 3.2(b)(vii) of the Merger Agreement)

- The Stockholder Representative fund has been increased to \$1,000,000.

III. ADDITIONAL INFORMATION

Additional inquiries regarding the contents of this Merger Summary or the Merger itself should be made directly to:

James Novello
Arcadian Health, Sr. Vice President and General Counsel
(Direct) 510-817-1845
(Cell) 510-384-7441

ANNEX A

Merger Agreement

See Attached

Page Break

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

BIOGRAPHICAL AFFIDAVIT

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority.

(Print or Type)

Full Name, Address and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names). _____

HumSol, Inc.

500 West Main Street

Louisville, KY 40202

In connection with the above-named entity, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) IF ANSWER IS "NO" OR "NONE," SO STATE.

1. Affiant's Full Name (Initials Not Acceptable). Paul Berthold Kusserow

2. a. Are you a citizen of the United States? YES

b. Are you a citizen of any other country, if so, what country? NO

3. Affiant's Occupation or Profession. Business Executive

4. Affiant's business address. 500 West Main Street, Louisville, KY 40202

Business telephone. 502-580-2616

5. Education and Training:

<u>College/ University</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree Obtained</u>
<u>Wesleyan University</u>	<u>Middletown, CT</u>	<u>09/80-06/85</u>	<u>BA</u>

<u>Graduate Studies:</u>	<u>College/ University</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree Obtained</u>
	<u>Oxford University</u>	<u>Oxford, UK</u>	<u>09/85-06/88</u>	<u>MA</u>

<u>Other Training: Name</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree/Certification Obtained</u>
<u>NONE</u>			

NONE

(Note: If affiant attended a foreign school, please provide full address and telephone number of the college/university. If applicable, provide the foreign student Identification Number in the space provided in the Biographical Affidavit Supplemental Information.)

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

6. List of memberships in professional societies and associations.

<u>Name of Society/Association</u>	<u>Contact Name</u>	<u>Address of Society/Association</u>	<u>Telephone Number of Society/Association</u>
NONE			

7. Present or proposed position with the applicant entity. Senior Vice President

8. List complete employment record for the past twenty (20) years, whether compensated or otherwise (up to and including present jobs, positions, partnerships, owner of an entity, administrator, manager, operator, directorates or officerships). Please list the most recent first. Attach additional pages if the space provided is insufficient. It is only necessary to provide telephone numbers and supervisory information for the past ten (10) years.

See Employment History – Attachment A & Officerships & Directorates—Attachment B

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

9. a. Have you ever been in a position which required a fidelity bond? NO If any claims were made on the bond, give details. NONE

b. Have you ever been denied an individual or position schedule fidelity bond, or had a bond canceled or revoked? NO If yes, give details. NONE

10. List any professional, occupational and vocational licenses (including licenses to sell securities) issued by any public or governmental licensing agency or regulatory authority or licensing authority that you presently hold or have held in the past. For any non-insurance regulatory issuer, identify and provide the name, address and telephone number of the licensing authority or regulatory body having jurisdiction over the license (s) issued.. If your professional license number is your Social Security Number (SSN) or embeds your SSN or any sequence of more than five numbers that are reasonably identifiable as your SSN, then write SSN for that portion of the professional license number that is represented by your SSN. (For example, "SSN", "12-SSN-345" or "1234-SSN" (last 6 digits)). Attach additional pages if the space provided is insufficient

NONE

Organization/Issuer of License _____ Address _____

City _____ State/Province _____ Country _____ Postal Code _____

License Type _____ License # _____ Date Issued (MM/YY) _____

Date Expired (MM/YY) _____ Reason for Termination _____

Non-insurance Regulatory Phone Number (if known) _____

Organization /Issuer of License _____ Address _____

City _____ State/Province _____ Country _____ Postal Code _____

License Type _____ License # _____ Date Issued (MM/YY) _____

Date Expired (MM/YY) _____ Reason for Termination _____

Non-insurance Regulatory Phone Number (if known) _____

11. In responding to the following, if the record has been sealed or expunged, and the affiant has personally verified that the record was sealed or expunged, an affiant may respond "no" to the question. Have you ever:

a. Been refused an occupational, professional, or vocational license or permit by any regulatory authority, or any public administrative, or governmental licensing agency? NO

b. Had any occupational, professional, or vocational license or permit you hold or have held, been subject to any judicial, administrative, regulatory, or disciplinary action? NO

c. Been placed on probation or had a fine levied against you or your occupational, professional, or vocational license or permit in any judicial, administrative, regulatory, or disciplinary action? NO

d. Been charged with, or indicted for, any criminal offense(s) other than civil traffic offenses? NO

e. Pled guilty, or nolo contendere, or been convicted of, any criminal offense(s) other than civil traffic offenses? NO

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

- f. Had adjudication of guilt withheld, had a sentence imposed or suspended, had pronouncement of a sentence suspended, or been pardoned, fined, or placed on probation, for any criminal offense(s) other than civil traffic offenses? NO
- g. Been subject to a cease and desist letter or order, or enjoined, either temporarily or permanently, in any judicial, administrative, regulatory, or disciplinary action, from violating any federal, state law or law of another country regulating the business of insurance, securities or banking, or from carrying out any particular practice or practices in the course of the business of insurance, securities or banking? NO
- h. Been, within the last ten (10) years, a party to any civil action involving dishonesty, breach of trust, or a financial dispute? NO
- i. Had a finding made by the Comptroller of any state or the Federal Government that you have violated any provisions of small loan laws, banking or trust company laws, or credit union laws, or that you have violated any rule or regulation lawfully made by the Comptroller of any state or the Federal Government? NO
- j. Had a lien or foreclosure action filed against you or any entity while you were associated with that entity?
NO

If the response to any question above is answered "Yes", please provide details including dates, locations, disposition, etc. Attach a copy of the complaint and filed adjudication or settlement as appropriate.

NONE

12. List any entity subject to regulation by an insurance regulatory authority that you control directly or indirectly. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting securities of any other person. NONE

If any of the stock is pledged or hypothecated in any way, give details. NONE

13. Do [Will] you or members of your immediate family individually or cumulatively subscribe to or own, beneficially or of record, 10% or more of the outstanding shares of stock of any entity subject to regulation by an insurance regulatory authority, or its affiliates? An "affiliate" of, or person "affiliated" with, a specific person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. If the answer is "Yes", please identify the company or companies in which the cumulative stock holdings represent 10% or more of the outstanding voting securities.

NO

If any of the shares of stock are pledged or hypothecated in any way, give details.

NONE

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

14. Have you ever been adjudged a bankrupt? NO If yes, provide details NONE

15. To your knowledge has any company or entity for which you were an officer or director, trustee, investment committee member, key management employee or controlling stockholder, had any of the following events occur while you served in such capacity? If yes, please indicate and give details. When responding to questions (b) and (c) affiant should also include any events within twelve (12) months after his or her departure from the entity.

a. Been refused a permit, license, or certificate of authority by any regulatory authority, or Governmental-licensing agency? NO

b. Had its permit, license, or certificate of authority suspended, revoked, canceled, non-renewed, or subjected to any judicial, administrative, regulatory, or disciplinary action (including rehabilitation, liquidation, receivership, conservatorship, federal bankruptcy proceeding, state insolvency, supervision or any other similar proceeding)? NO

c. Been placed on probation or had a fine levied against it or against its permit, license, or certificate of authority in any civil, criminal, administrative, regulatory, or disciplinary action? NO

Note: If an affiant has any doubt about the accuracy of an answer, the question should be answered in the positive and an explanation provided.

Dated and signed this 20th day of Sept, 2011 at Louisville, KY I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.

[Signature]
(Signature of Affiant)

State of Kentucky County of Jefferson

The foregoing instrument was acknowledged before me this 20th day of Sept, 2011 By Paul B. Kusserow, and:

who is personally known to me, or

who produced the following identification: _____

[SEAL]



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012

Patricia K. Kaster
Notary Public

Printed Notary Name

My Commission Expires

EMPLOYMENT HISTORY:**ATTACHMENT A****PAUL B. KUSSEROW**

<u>Date</u>	<u>Employer/Address</u>	<u>Title</u>
02/09-Present	Humana Inc. 500 West Main Street Louisville, KY 40202 Telephone # 502-580-2616 Supervisor: Michael McCallister	02/11-Present – Senior Vice President – Chief Strategy and Corporate Development Officer 02/09-02/11 - Senior Vice President, Chief Strategy Officer
01/07-02/09	B. C. Ziegler & Company 200 S. Wacker Drive Chicago, IL 60606 Telephone # 312-263-0110 Supervisor: Charles O’Meara	Managing Director of Private Equity
05/04-01/07	San Ysidro Capital Partners, LLC 780 San Ysidro Road Santa Barbara, CA 93108 Supervisor: None	Managing Director
07/97-05/04	Tenet Healthcare Corporation 13737 Noel Road Dallas, TX 75240 Telephone # 469-893-2200 Supervisor: Trevor Fetter	03/00-05/04 Senior Vice President, Corporate Strategy 07/97-03/00 Vice President
2004-2007	Roaring Mountain 780 San Ysidro Road Santa Barbara, CA 93108	President Managing Partner
1995-1997	Colonial Williamsburg Foundation P. O. Box 1776 Williamsburg, VA 23187	Head of Planning & Marketing & Business Development
1994-1995	National Geographic Society 1145 17 th Street NW Washington, DC 20036	Director of International Business Development
1990-1994	The Reader’s Digest Association, Inc. Reader’s Digest Road Pleasantville, NY 10570	Director of Business Business Development

Paul B. Kusserow

Company/Title

Availity, L.L.C.

Manager

Humana Inc.

Senior Vice President, Chief Strategy Officer and Corporate Development Officer

Humana Insurance Company of New York

Director

HumanaVitality, LLC

Senior Vice President, Chief Strategy Officer and Corporate Development Officer

HumSol, Inc.

Senior Vice President

HUMedium, Inc.

Senior Vice President

Other Positions for the following companies:

NCH Management Systems, Inc.

Director

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

BIOGRAPHICAL AFFIDAVIT
Supplemental Personal Information

(Print or Type)

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority.

Full Name, Address, and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names).

HumSol, Inc.

500 West Main Street

Louisville, KY 40202

1. Affiant's Full Name (Initials Not Acceptable). Paul Berthold Kusserow

2. Have you ever used any other name including nickname, maiden name or aliases? NO If yes, give the reason if any, if none indicate such, and provide the full name(s) and date(s) used.

<u>Beginning/Ending Date(s) Used (MM/YY)</u>	<u>Name(s)</u>	<u>Reason (If None, indicate such)</u>
<u>NONE -</u>	<u></u>	<u></u>
<u>-</u>	<u></u>	<u></u>

Note: Dates provided in response to this question may be approximate. Parties using this form understand that there could be an overlap of dates when transitioning from one name to another.

3. Affiant's Social Security Number [REDACTED]

4. Government Identification Number if not a U.S. Citizen NONE

5. Foreign Student ID# (if applicable) N/A

6. Date of Birth: (MM/DD/YY) [REDACTED] Place of Birth: City Burlington
State/Province Vermont Country USA

7. Name of Affiant's Spouse (if applicable) Serena Kusserow

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

8. List your residences for the last ten (10) years starting with your current address, giving:

Beginning/Ending

<u>Dates</u> <u>(MM/YY)</u>	<u>Address</u>	<u>City</u>	<u>State/</u> <u>Province</u>	<u>Country</u>	<u>Postal Code</u>
<u>02/09-Present</u>	[REDACTED]	[REDACTED]	<u>KY</u>	<u>USA</u>	<u>40205</u>
<u>05/97-02/11</u>	[REDACTED]	[REDACTED]	<u>CA</u>	<u>USA</u>	<u>93108</u>

Note: Dates provided in response to this question may be approximate, except for current address. Parties using this form understand that there could be an overlap of dates when transitioning from one address to another.

Dated and signed this 20th day of Sept, 2011 at Louisville, KY I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.

[Signature]
(Signature of Affiant)

State of Kentucky County of Jefferson

The foregoing instrument was acknowledged before me this 20th day of Sept, 2011 By Paul B. Kusserow, and:

- who is personally known to me, or
- who produced the following identification: _____



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012

Patricia K. Kaster
Notary Public

Printed Notary Name

My Commission Expires

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

DISCLOSURE AND AUTHORIZATION CONCERNING BACKGROUND REPORTS (All states except California, Minnesota and Oklahoma)

This Disclosure and Authorization is provided to you in connection with pending or future application(s) of HumSol, Inc. ("Company") for licensure or a permit to organize ("Application") with a department of insurance in one or more states within the United States. Company desires to procure a consumer or investigative consumer report (or both) ("Background Reports") regarding your background for review by a department of insurance in any state where Company pursues an Application during the term of your functioning as, or seeking to function as, an officer, member of the board of directors or other management representative ("Affiant") of Company or of any business entities affiliated with Company ("Term of Affiliation") for which a Background Report is required by a department of insurance reviewing any Application. Background Reports requested pursuant to your authorization below may contain information bearing on your character, general reputation, personal characteristics, mode of living and credit standing. The purpose of such Background Reports will be to evaluate the Application and your background as it pertains thereto. To the extent required by law, the Background Reports procured under this Disclosure and Authorization will be maintained as confidential.

You may obtain copies of any Background Reports about you from the consumer reporting agency ("CRA") that produces them. You may also request more information about the nature and scope of such reports by submitting a written request to Company. To obtain contact information regarding CRA or to submit a written request for more information, contact Joan O. Lenahan, Vice President and Corporate Secretary, Humana Inc., 500 West Main Street, 27th Floor, Louisville, KY 40202, 502-580-3778.

Attached for your information is a "Summary of Your Rights Under the Fair Credit Reporting Act."

AUTHORIZATION: I am currently an Affiant of Company as defined above. I have read and understand the above Disclosure and by my signature below, I consent to the release of Background Reports to a department of insurance in any state where Company files or intends to file an Application, and to the Company, for purposes of investigating and reviewing such Application and my status as an Affiant. I authorize all third parties who are asked to provide information concerning me to cooperate fully by providing the requested information to CRA retained by Company for purposes of the foregoing Background Reports, except records that have been erased or expunged in accordance with law.

I understand that I may revoke this Authorization at any time by delivering a written revocation to Company and that Company will, in that event, forward such revocation promptly to any CRA that either prepared or is preparing Background Reports under this Disclosure and Authorization. This Authorization shall remain in full force and effect until the earlier of (i) the expiration of the Term of Affiliation, (ii) written revocation as described above, or (iii) twelve (12) months following the date of my signature below.

A true copy of this Disclosure and Authorization shall be valid and have the same force and effect as the signed original.

Paul Berthold Kusserow, [REDACTED] KY 40205
(Printed Full Name and Residence Address)
[Signature] (Signature) Sept 20, 2011 (Date)

State of Kentucky County of Jefferson

The foregoing instrument was acknowledged before me this 20th day of Sept, 2011 By

Paul B. Kusserow, and:

- who is personally known to me, or
- who produced the following identification: _____



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012

Patricia K. Kaster
Notary Public

Printed Notary Name

My Commission Expires

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

DISCLOSURE AND AUTHORIZATION CONCERNING BACKGROUND REPORTS (California)

This Disclosure and Authorization is provided to you in connection with a pending application of HumSol, Inc. ("Company") for licensure or a permit to organize ("Application") with a department of insurance in one or more states within the United States. Company desires to procure a consumer or investigative consumer report (or both) ("Background Reports") regarding your background for review by any department of insurance in such states where Company is currently pursuing an Application, because you are either functioning as, or are seeking to function as, an officer, member of the board of directors or other management representative ("Affiant") of Company or of any business entities affiliated with Company ("Term of Affiliation") for which a Background Report is required by a department of insurance reviewing any Application. Background Reports will be obtained through Axiom Corporation, 6111 Oak Tree Blvd., Cleveland, OH 44131 ("CRA"). Background Reports requested pursuant to your authorization below may contain information bearing on your character, general reputation, personal characteristics, mode of living and credit standing. The purpose of such Background Reports will be to evaluate the Application and your background as it pertains thereto. To the extent required by law, the Background Reports procured under this Disclosure and Authorization will be maintained as confidential.

You may request more information about the nature and scope of Background Reports produced by any consumer reporting agency ("CRA") by submitting a written request to Company. You should submit any such written request for more information, to Joan O. Lenahan, Vice President and Corporate Secretary, Humana Inc., 500 West Main Street, 27th Floor, Louisville, KY 40202, 502-580-3778.

Attached for your information is a "Summary of Your Rights Under the Fair Credit Reporting Act." You will be provided with a copy of any Background Report procured by Company if you check the box below.

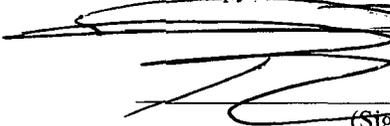
By checking this box, I request a copy of any Background Report from any CRA retained by Company, at no extra charge.

Under section 1786.22 of the California Civil Code, you may view the file maintained on you by the CRA listed above. You may also obtain a copy of this file, upon submitting proper identification and paying the costs of duplication services, by appearing at the CRA in person or by mail; you may also receive a summary of the file by telephone. The CRA is required to have personnel available to explain your file to you and the CRA must explain to you any coded information appearing in your file. If you appear in person, you may be accompanied by one other person of your choosing, provided that person furnishes proper identification.

AUTHORIZATION: I am currently an Affiant of Company as defined above. I have read and understand the above Disclosure and by my signature below, I consent to the release of Background Reports to a department of insurance in any state where Company files or intends to file an Application, and to the Company, for purposes of investigating and reviewing such Application and my status as an Affiant. I authorize all third parties who are asked to provide information concerning me to cooperate fully by providing the requested information to CRA retained by Company for purposes of the foregoing Background Reports, except records that have been erased or expunged in accordance with law.

I understand that I may revoke this Authorization at any time by delivering a written revocation to Company and that Company will, in that event, forward such revocation promptly to any CRA that either prepared or is preparing Background Reports under this Disclosure and Authorization. In no event, however, will this authorization remain in effect beyond twelve (12) months following the date of my signature below.

A true copy of this Disclosure and Authorization shall be valid and have the same force and effect as the signed original.

 Paul Berthold Kusserow, [REDACTED] CA 93108
(Printed Full Name and Residence Address)
Sept 20, 2011
(Date)

State of Kentucky County of Jefferson

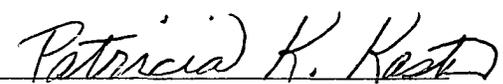
The foregoing instrument was acknowledged before me this 20th day of Sept, 2011 By

Paul B. Kusserow, and:

- who is personally known to me, or
- who produced the following identification: _____



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012



Notary Public

Printed Notary Name

My Commission Expires

Page Break

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

BIOGRAPHICAL AFFIDAVIT

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority.

(Print or Type)

Full Name, Address and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names). _____

HumSol, Inc.

500 West Main Street

Louisville, KY 40202

In connection with the above-named entity, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) IF ANSWER IS "NO" OR "NONE," SO STATE.

1. Affiant's Full Name (Initials Not Acceptable). Charles Frederic Lambert, III

2. a. Are you a citizen of the United States? YES

b. Are you a citizen of any other country, if so, what country? NO

3. Affiant's Occupation or Profession. Business Executive

4. Affiant's business address. 500 West Main Street, Louisville, KY 40202

Business telephone. 502-580-2629

5. Education and Training:

<u>College/ University</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree Obtained</u>
<u>Miami University</u>	<u>Oxford, OH</u>	<u>09/74-05/78</u>	<u>Bachelor of Science Pre-engineering/Physics</u>

<u>Graduate Studies:</u>	<u>College/ University</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree Obtained</u>
	<u>Harvard University</u>	<u>Cambridge, MA</u>	<u>09/81-06/83</u>	<u>MBA</u>

<u>Other Training: Name</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree/Certification Obtained</u>
<u>Life Management Institute</u>		<u>1987</u>	<u>Fellow Life Management Institute</u>

(Note: If affiant attended a foreign school, please provide full address and telephone number of the college/university. If applicable, provide the foreign student Identification Number in the space provided in the Biographical Affidavit Supplemental Information.)

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

6. List of memberships in professional societies and associations.

<u>Name of Society/Association</u>	<u>Contact Name</u>	<u>Address of Society/Association</u>	<u>Telephone Number of Society/Association</u>
NONE			

7. Present or proposed position with the applicant entity. Vice President

8. List complete employment record for the past twenty (20) years, whether compensated or otherwise (up to and including present jobs, positions, partnerships, owner of an entity, administrator, manager, operator, directorates or officerships). Please list the most recent first. Attach additional pages if the space provided is insufficient. It is only necessary to provide telephone numbers and supervisory information for the past ten (10) years.

See Employment History – Attachment A & Officerships & Directorates—Attachment B

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

9. a. Have you ever been in a position which required a fidelity bond? NO If any claims were made on the bond, give details. NONE

b. Have you ever been denied an individual or position schedule fidelity bond, or had a bond canceled or revoked? NO If yes, give details. NONE

10. List any professional, occupational and vocational licenses (including licenses to sell securities) issued by any public or governmental licensing agency or regulatory authority or licensing authority that you presently hold or have held in the past. For any non-insurance regulatory issuer, identify and provide the name, address and telephone number of the licensing authority or regulatory body having jurisdiction over the license (s) issued.. If your professional license number is your Social Security Number (SSN) or embeds your SSN or any sequence of more than five numbers that are reasonably identifiable as your SSN, then write SSN for that portion of the professional license number that is represented by your SSN. (For example, "SSN", "12-SSN-345" or "1234-SSN" (last 6 digits)). Attach additional pages if the space provided is insufficient

NONE

Organization/Issuer of License _____ Address _____

City _____ State/Province _____ Country _____ Postal Code _____

License Type _____ License # _____ Date Issued (MM/YY) _____

Date Expired (MM/YY) _____ Reason for Termination _____

Non-insurance Regulatory Phone Number (if known) _____

Organization /Issuer of License _____ Address _____

City _____ State/Province _____ Country _____ Postal Code _____

License Type _____ License # _____ Date Issued (MM/YY) _____

Date Expired (MM/YY) _____ Reason for Termination _____

Non-insurance Regulatory Phone Number (if known) _____

11. In responding to the following, if the record has been sealed or expunged, and the affiant has personally verified that the record was sealed or expunged, an affiant may respond "no" to the question. Have you ever:

a. Been refused an occupational, professional, or vocational license or permit by any regulatory authority, or any public administrative, or governmental licensing agency?
NO

b. Had any occupational, professional, or vocational license or permit you hold or have held, been subject to any judicial, administrative, regulatory, or disciplinary action?
NO

c. Been placed on probation or had a fine levied against you or your occupational, professional, or vocational license or permit in any judicial, administrative, regulatory, or disciplinary action? NO

d. Been charged with, or indicted for, any criminal offense(s) other than civil traffic offenses? NO

e. Pled guilty, or nolo contendere, or been convicted of, any criminal offense(s) other than civil traffic offenses?
NO

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

- f. Had adjudication of guilt withheld, had a sentence imposed or suspended, had pronouncement of a sentence suspended, or been pardoned, fined, or placed on probation, for any criminal offense(s) other than civil traffic offenses? NO
- g. Been subject to a cease and desist letter or order, or enjoined, either temporarily or permanently, in any judicial, administrative, regulatory, or disciplinary action, from violating any federal, state law or law of another country regulating the business of insurance, securities or banking, or from carrying out any particular practice or practices in the course of the business of insurance, securities or banking? NO
- h. Been, within the last ten (10) years, a party to any civil action involving dishonesty, breach of trust, or a financial dispute? NO
- i. Had a finding made by the Comptroller of any state or the Federal Government that you have violated any provisions of small loan laws, banking or trust company laws, or credit union laws, or that you have violated any rule or regulation lawfully made by the Comptroller of any state or the Federal Government? NO
- j. Had a lien or foreclosure action filed against you or any entity while you were associated with that entity?
YES, personal income tax liens.

If the response to any question above is answered "Yes", please provide details including dates, locations, disposition, etc. Attach a copy of the complaint and filed adjudication or settlement as appropriate.

Kentucky Department of Revenue State tax lien recorded 10/22/1997 released 02/22/2001;

Department of Treasury IRS Federal tax lien recorded 06/17/1998, released 09/04/2003;

Department of Treasury IRS Federal tax lien recorded 05/26/1999, released 09/04/2003.

12. List any entity subject to regulation by an insurance regulatory authority that you control directly or indirectly. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting securities of any other person. NONE

If any of the stock is pledged or hypothecated in any way, give details. NONE

13. Do [Will] you or members of your immediate family individually or cumulatively subscribe to or own, beneficially or of record, 10% or more of the outstanding shares of stock of any entity subject to regulation by an insurance regulatory authority, or its affiliates? An "affiliate" of, or person "affiliated" with, a specific person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. If the answer is "Yes", please identify the company or companies in which the cumulative stock holdings represent 10% or more of the outstanding voting securities.
NO

If any of the shares of stock are pledged or hypothecated in any way, give details.

NONE

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

14. Have you ever been adjudged a bankrupt? NO If yes, provide details NONE

15. To your knowledge has any company or entity for which you were an officer or director, trustee, investment committee member, key management employee or controlling stockholder, had any of the following events occur while you served in such capacity? If yes, please indicate and give details. When responding to questions (b) and (c) affiant should also include any events within twelve (12) months after his or her departure from the entity.

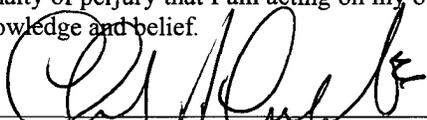
a. Been refused a permit, license, or certificate of authority by any regulatory authority, or Governmental-licensing agency? NO

b. Had its permit, license, or certificate of authority suspended, revoked, canceled, non-renewed, or subjected to any judicial, administrative, regulatory, or disciplinary action (including rehabilitation, liquidation, receivership, conservatorship, federal bankruptcy proceeding, state insolvency, supervision or any other similar proceeding)? NO

c. Been placed on probation or had a fine levied against it or against its permit, license, or certificate of authority in any civil, criminal, administrative, regulatory, or disciplinary action? Yes, See Attachment C

Note: If an affiant has any doubt about the accuracy of an answer, the question should be answered in the positive and an explanation provided.

Dated and signed this 20th day of Sept, 2011 at Louisville, KY I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.


(Signature of Affiant)

State of Kentucky County of Jefferson

The foregoing instrument was acknowledged before me this 20th day of Sept, 2011 By

Charles F. Lambert, III, and:

who is personally known to me, or

who produced the following identification: _____

[SEAL]



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012


Notary Public

Printed Notary Name

My Commission Expires

EMPLOYMENT HISTORY:**ATTACHMENT A****CHARLES F. LAMBERT, III**

<u>Date</u>	<u>Employer/Address</u>	<u>Title</u>
08/99-Present	Humana Inc. 500 West Main Street Louisville, KY 40202 Telephone # 502-580-2629 Supervisor: Bonnie Hathcock	Vice President Associate & Business Services
03/98-07/99	“	Corporate Director, Business Services
12/97-03/98	Job Search	
01/95-12/97	Design Build Partners, LLC 604 S. 3rd Street Louisville, KY 40202	Managing Director, Co-Owner
01/88-12/94	Capital Holding/Providian n/k/a Aegon Corp. 400 West Market Street Louisville, KY 40202	08/93-12/94 Managing Director, Business Development 12/92-07/93 Managing Director, Homearning Reverse Mortgage 01/88-12/92 Managing Director CFO, Accumulation & Investments Group

Charles F. Lambert III**Company/Title**

Vice President for the following companies:

516-526 West Main Street Condominium Council of Co-Owners, Inc.
American Dental Plan of North Carolina, Inc.
American Dental Providers of Arkansas, Inc.
CAC-Florida Medical Centers, LLC
CareNetwork, Inc.
CarePlus Health Plans, Inc.
Cariten Health Plan Inc.
Cariten Insurance Company
CHA HMO, Inc.
CHA Service Company
CompBenefits Company
CompBenefits Corporation
CompBenefits Dental, Inc.
CompBenefits Direct, Inc.
CompBenefits Insurance Company
CompBenefits of Alabama, Inc.
CompBenefits of Georgia, Inc.
Competitive Health Analytics, Inc.
Corphealth, Inc.
CPHP Holdings, Inc.
DefenseWeb Technologies, Inc.
Dental Care Plus Management, Corp.
DentiCare, Inc.
Emphesys Insurance Company
Emphesys, Inc.
Health Value Management, Inc.
HUM INT, LLC
HUM-e-FL, Inc.
HUM-Holdings International, Inc.
Humana Active Outlook, Inc.
Humana AdvantageCare Plan, Inc.
Humana Benefit Plan of Illinois, Inc.
Humana Dental Company
Humana Employers Health Plan of Georgia, Inc.
Humana Europe, Ltd.
Humana Government Network Services, Inc.
Humana Health Benefit Plan of Louisiana, Inc.
Humana Health Insurance Company of Florida, Inc.
Humana Health Plan Interests, Inc.
Humana Health Plan of California, Inc.
Humana Health Plan of Ohio, Inc.

Charles F. Lambert III**Company/Title**

Humana Health Plan of Texas, Inc.
Humana Health Plan, Inc.
Humana Innovation Enterprises, Inc.
Humana Insurance Company
Humana Insurance Company of Kentucky
Humana Insurance Company of New York
Humana MarketPOINT, Inc.
Humana Medical Plan, Inc.
Humana Medical Plan of Michigan, Inc.
Humana Medical Plan of Pennsylvania, Inc.
Humana Medical Plan of Utah, Inc.
Humana Military Dental Services, Inc.
Humana Military Healthcare Services, Inc.
Humana Pharmacy Solutions, Inc.
Humana Pharmacy, Inc.
Humana Veterans Healthcare Services, Inc.
Humana Wisconsin Health Organization Insurance Corporation
HumanaDental Insurance Company
HumanaDental, Inc.
Humco, Inc.
HUMedium, Inc.
HumSol, Inc.
Kanawha HealthCare Solutions, Inc.
Kanawha Insurance Company
KMG America Corporation
Managed Care Indemnity, Inc.
PHP Companies, Inc.
Preferred Health Partnership of Tennessee, Inc.
Preferred Health Partnership, Inc.
Preservation on Main, Inc.
Texas Dental Plans, Inc.
The Dental Concern, Inc.
The Dental Concern, Ltd.

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
8/11/2011	Humana Health Plan, Inc	\$120,000	KY Market Regulation Examination-MC#2010-16	KDI	KY
8/11/2011	Humana Insurance Company	\$32,000	KY Market Regulation Examination-MC#2010-14	KDI	KY
5/31/2011	Humana Health Plan, Inc.	\$122,500	Market Conduct Exam	CO DOI	CO
5/31/2011	Humana Insurance Company	\$191,500	Market Conduct Exam	CO DOI	CO
5/26/2011	Humana Health Insurance Company of Florida, Inc.	\$1,500	OSHA Violation - re: Training on health hazards	US Dept of Labor	FL
3/17/2011	Humana Insurance Company	\$11,000	Market Conduct Exam	KY DOI	KY
2/14/2011	Humana Health Plan, Inc.	\$1,000	Privacy Breach - Member	KY DOI	KY
1/19/2011	Empheysis Insurance Company	\$1,000	Administrative fine for failure to timely pay annual appointment invoice	NV DOI	NV
12/8/2010	Humana Health Plan, Inc.	\$100,000	Target Market Conduct Exam issues relating to deficiencies in business practices.	KY DOI	KY
11/11/2010	Kanawha Insurance Company	\$550	Failure to respond to request for additional information for SERFF rate filing	CO DOI	CO
10/28/2010	Humana Insurance Company	\$55,880	Failure to provide accurate 2010 Ann Notice of Change (ANOC) and Evidence of Coverage (EOC) documents to certain beneficiaries	CMS	all
9/27/2010	Humana Health Plan of Puerto Rico, Inc.	\$500	Noncompliance with Prompt Payment regulation (Rule 73)	PR DOI	PR
7/18/2010	CompBenefits Insurance Company HumanaDental Insurance Company	\$1,100	Failure to respond to Colorado Hospital Average Reimbursement Rate for CY2009 Survey timely	CO DOI	CO
6/4/2010	Humana Insurance Company	\$3,000	Failure to pay claims during the 30 day grace period without written notice of discontinuance to impacted members.	UT DOI	UT
4/22/2010	Humana Insurance Company	\$250	Failure to receive prior approval for a continuing education course it provided in the Commonwealth of Kentucky	KY DOI	KY
12/16/2009	Kanawha Insurance Company	\$440	Failure to file Health Cost Report timely.	CO DOI	CO
11/18/2009	Kanawha HealthCare Solutions, Inc.	\$500	Failure to file the 2007 Annual Report timely.	NV DOI	NV
9/16/2009	Humana Insurance of Puerto Rico, Inc.	\$1,000	Violations of articles of incorporation relative to required capital.	PR DOI	PR

Fines/Violations

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DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
8/25/2009	Humana Health Plans of Puerto Rico, Inc.	\$1,000	Failure to file the Audited Financial Statements for 2008 timely	PR DOI	PR
7/9/2009	Humana Insurance Company	\$2,000	Failure to supply return receipt for Outline of Coverage for Medicare Supplement policyholder.	NE DOI	NE
6/24/2009	Humana Health Plan, Inc.	\$500	Failure to respond to Colorado Health Insurance Information Survey timely	CO DOI	CO
6/10/2009	Humana Health Plan, Inc.	\$3,625	Market Conduct Exam issues relating to violations for contracting with TPA that was not licensed and not providing documentation for appeals' files.	MO DOI	MO
4/5/2009	HumanaDental Insurance Company Humana Health Plan, Inc. Kanawha Insurance Company	\$1,500	Failure to respond to the Hospital Average Reimbursement Rates in 2008 Survey timely	CO DOI	CO
3/9/2009	Humana Medical Plan, Inc.	\$28,000	Case #95925-8--Violation of statutes regarding small group coverage of eligible employees	FL DFS	FL
1/16/2009	CompBenefits Dental, Inc.	\$1,000	Failure to seek permission to amend Schedule DA in domicile state.	IL DOI	IL
11/26/08	Humana Health Plan, Inc.	\$5,500	Consent Order--Prompt payment of claims issues for 4th Qtr. 2007.	KY DOI	KY
11/24/08	Humana Health Plan, Inc. Humana Insurance Company	\$7,000	Market Conduct Exam issues for failure to pay interest and meet timeframes.	KS DOI	KS
11/20/08	Humana Insurance Company	\$575	Failure to respond timely to CO DOI request	CO DOI	CO
10/29/08	Humana Health Plan of Texas, Inc.	\$2,500	Consent Order #08-0873--Failure to pay an independent review organization fee on a timely basis.	TX DOI	TX
08/28/08	Humana Insurance Company	\$750,000	DOI Case #08-C31613 Market Conduct Exam Report--violations of procedures for Claims, Grievance Review, Managed Care, Electronic Commerce, Small Employer, Marketing, Producer Licensing, Underwriting and Privacy	WI DOI	WI
08/21/08	Humana Health Plan, Inc.	\$5,000	Consent Order--Prompt payment of claims issues for 1st Qtr, 2007	KY DOI	KY
08/21/08	Humana Health Plan, Inc.	\$9,500	Consent Order--Prompt payment of claims issues for 3rd Qtr, 2007	KY DOI	KY

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
08/06/08	Humana Health Plans of Puerto Rico, Inc.	\$1,000	Failure to file the Audited Financial Statements for 2007 timely	PR DOI	PR
06/06/08	Humana Health Plan, Inc.	\$44,375	Violations in the areas of Utilization Review and Health Care Appeals, Credentialing and Contracting during healthcare insurance compliance examination	AZ DOI	AZ
06/06/08	Humana Insurance Company	\$23,625	Violations in the areas of Utilization Review and Health Care Appeals during healthcare insurance compliance examination	AZ DOI	AZ
05/29/08	Corphealth, Inc.	\$257	Failure to file license renewal application timely	AHCA	FL
05/23/08	Humana Insurance Company	\$500	Disclosure of Nonpublic Personal Health Information	KY DOI	KY
03/27/08	HumanaDental Insurance Company	\$384	Penalty and interest due to delinquent premium tax payment	TN DOI	TN
01/25/08	Humana Health Plan, Inc.	\$1,000	Failure to file Annual Certification of Advertisement Report-2006	NV DOI	NV
01/25/08	Humana Health Plan, Inc.	\$500	Failure to file Annual Quality of Health Care Report-2006	NV DOI	NV
01/25/08	Humana Health Plan, Inc.	\$500	Failure to file Quarterly List of Providers Report 2nd Quarter, 2006	NV DOI	NV
01/25/08	Humana Health Plan, Inc.	\$500	Failure to file Quarterly List of Providers Report 3rd Quarter, 2006	NV DOI	NV
01/25/08	Humana Health Plan, Inc.	\$500	Failure to file Quarterly List of Providers Report 4th Quarter, 2006	NV DOI	NV
01/25/08	Humana Insurance Company	\$500	Failure to file Annual Quality of Health Care Report-2006	NV DOI	NV
01/25/08	Humana Insurance Company	\$1,500	Failure to file Actuarial Certification for the Individual Market due March 1, 2007	NV DOI	NV
01/25/08	Humana Insurance Company	\$1,500	Failure to file additional Actuarial Information for the Individual Market due March 1, 2007	NV DOI	NV
01/25/08	Kanawha Insurance Company (Acquired Nov. 30, 2007)	\$500	Failure to file Annual Multiple Policy or Certificate Report-2006	NV DOI	NV
01/18/08	Humana Insurance Company	\$500,000	Consent Order--Accepted Medicare Part C and D enrollments from agents not properly licensed in Illinois.	IL DOI	IL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
12/07/07	Corphealth, Inc.	\$1,000	Consent Order--Failure to report accurate statistics	CT DOI	CT
11/15/07	Humana Insurance Company	\$75,000	Accepted Medicare Part C and D enrollments from agents not properly licensed	CMS	OK
10/16/07	Humana Insurance Company	\$15,000	Consent Order #07-0846--Applied discounts on out-of-network claims for which providers were not directly contracted with Humana.	TX DOI	TX
08/16/07	Humana Insurance Company	\$500,000	Case #07-0454-DIS-Accepted Medicare Part C and D enrollments from agents not properly licensed in Oklahoma.	OK DOI	OK
05/31/07	Humana Medical Plan, Inc.	\$229,800	Case #2007004571--Due to various compliance issues (late renewal application and provider issues).	AHCA	FL
03/21/07	Humana Insurance Company Humana Health Plan, Inc. Humana Medical Plan, Inc. Humana Health Plan of Texas, Inc.	\$120,000	Failure to send ANOCs and SBs to members in a timely manner.	CMS	---
03/21/07	Humana Wisconsin Health Organization Insurance Corporation	\$3,000	DOI Case No. 06-C29999-Order of Forfeiture--Failure to comply with recommendations of 2004 Market Conduct Examination.	WI DOI	WI
03/14/07	Humana Insurance Company	\$500	Failure to respond timely to DOI inquiry	CO DOI	CO
10/20/06	Humana Insurance Company	\$50,000	Cost of Investigation for Medicare HIPAA Privacy breaches	ND DOI	ND
10/11/06	Humana Medical Plan, Inc.	\$6,900	Failure to file timely and accurate quarterly and annual grievance reports.	AHCA	FL
06/08/06	Humana Health Plan, Inc. Humana Insurance Company	\$1,000	Agent Licensing and Appointment for Medicare Products-timing	KS DOI	KS
03/24/06	Humana Insurance Company	\$1,025	Cause #06.341-Failure to file annual report for the year ending December 31, 2004	NV DOI	NV
02/15/06	Humana Insurance of Puerto Rico, Inc.	\$2,000	DOI Order #PP-03-11-02-2005--Prompt payment of claims issue	PR DOI	PR
01/09/06	Humana Health Insurance Company of Florida, Inc.	\$27,500	Consent Order #80622-05-CO--Requiring exclusionary rider for breast implants and reconstructive surgery on certain policies.	Office of Insurance Regulation	FL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
01/09/06	Humana Health Insurance Company of Florida, Inc.	\$27,500	Consent Order #83067-05-CO--Failure to adopt procedures for proper investigation of claims.	Office of Insurance Regulation	FL
12/20/05	Humana Health Plan of Ohio, Inc.	\$2,000	Consent Order--Prompt payment of claims issues for 1st Qtr. 2005.	Public Protection Cabinet, Insurance Legal Division	KY
11/10/05	Empesys Insurance Company	\$500	Failure to file annual certification of advertisement report by due date of December 31, 2004	NV DOI	NV
11/10/05	Humana Insurance Company	\$500	Failure to file annual certification of advertisement report by due date of December 31, 2004	NV DOI	NV
11/10/05	HumanaDental Insurance Company	\$500	Failure to file annual certification of advertisement report by due date of December 31, 2004	NV DOI	NV
11/10/05	Humana Health Plan of Ohio, Inc.	\$5,000	Consent Order--Prompt payment of claims issues for 4th Qtr, 2004	Environmental & Public Protection Cabinet, Insurance Legal Division	KY
11/04/05	Humana Insurance Company	\$60,000	Case #04-C28947 Failure to provide notice of the Health Insurance Risk Sharing Plan stipulation	WI DOI	WI
12/21/04	Humana Insurance Company	\$19,000	Case #77049-04-CO--Failure to offer Converted Policy and Standard Health Plan	FL DOI	FL
11/23/04	Humana Health Insurance Company of Nevada Employers Health Insurance Company	\$12,500	Market Conduct Exam for period 07/1997-09/1999. Issues related to claims payment and processing.	NV DOI	NV
07/20/04	Humana Health Plan of Ohio, Inc.	\$5,000	Consent Order--Prompt payment of claims issues for 2nd Qtr, 2003	KY DOI	KY
07/20/04	Humana Health Plan of Ohio, Inc.	\$3,000	Consent Order--Prompt payment of claims issues for 3rd Qtr, 2003	KY DOI	KY
06/10/04	Humana Health Plan, Inc.	\$30,000	DOI complaints from 01/01--05/02; Issues related to claims timeliness and under/non-payment of interest.	IL DOI	IL
05/04/04	Humana Health Plan, Inc.	\$98,100	Market Conduct Exam for period 07/01/00--06/30/01. Issues related to provider agreements and claims issues.	KY DOI	KY
05/04/04	Humana Insurance Company	\$26,150	Market Conduct Exam for period 07/01/00--06/30/01. Issues related to benefit comparison statements and claims issues.	KY DOI	KY

Fines/Violations

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DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
04/26/04	Humana Health Plan, Inc.	\$92,176	Market Conduct Exam for period 04/02--09/02 Issues related to proper acknowledgement and prompt payment of claims	MO DOI	MO
04/26/04	Humana Insurance Company	\$39,035	Market Conduct Exam for period 04/02--09/02 Issues related to proper acknowledgement and prompt payment of claims	MO DOI	MO
02/10/04	EmpheSys Insurance Company	\$25,000	Consent Order No. 04-0204--Failure to offer the Basic & Catastrophic Plans to small group empl.	TX DOI	TX
01/19/04	Humana Insurance Company	\$60,000	07/01/2001-6/30/2002 Market Conduct Exam - marketing and Policy language & appeals issues.	AZ DOI	AZ
12/17/03	Humana Insurance Company of Kentucky	\$1,000	Failure to meet payment standards	KY DOI	KY
11/25/03	Humana Insurance Company	\$2,000	Market Conduct Exam--Claims processing errors	NV DOI	NV
09/22/03	Humana Insurance Company	\$13,000	Conduct Exam - Violation of claims handling & certificate language	CO DOI	CO
06/02/03	Humana Insurance Company Humana Health Plan, Inc. Humana Kansas City, Inc.	\$114,650	1999 Market Conduct Exam - claims payment issues, most notably, proper COB handling.	MO DOI	MO
05/23/03	Humana Insurance Company	\$500	Failure to file financial statement timely	NV DOI	NV
03/01/03	Humana Health Insurance Company of Florida, Inc.	\$1,000	Sales activities in provider's office	AHCA	FL
04/25/03	Humana Insurance Company Humana Health Plan of Texas, Inc.	\$50,000	Consent Order No. 03-0310--Providing agent bonus by group size, thus reducing access to small employer plans. Docket No. 454-03-1007.D	TX DOI	TX
01/29/03	Humana Insurance Company	\$5,000	Failure to pay interest on claims not paid within 30 days.	WI DOI	WI
02/11/03	Humana Medical Plan, Inc.	\$20,000	Eight individual fines of \$2,500. One for non-compliance with FS 641.495(2). The other seven for having an expired health care provider certificate.	AHCA	FL
02/13/03	Humana Insurance Company	\$1,500	Prompt Pay Act/failure to meet standards for payment of clean claims as set forth in KRS 304.99-123(2). Order #?	KY DOI	KY
12/31/02	Humana Medical Plan, Inc.	\$21,000	Medicaid marketing violation	AHCA	FL
10/21/02	Humana Insurance Company	\$1,000	Failure to meet the standards for the payment of clean claims as set forth in KRS 304.99-123(2)	KY DOI	KY

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
11/06/02	Humana Medical Plan, Inc.	\$90,000	Withdrew from counties that still had membership (\$10k per county-9 counties)	AHCA	FL
11/15/02	Humana Medical Plan, Inc.	\$25,000	Consent Order No. 63869-02-CO. Failure to pay interest on overdue claims	FL DOI	FL
10/04/02	Humana Medical Plan, Inc.	\$85,000	Case No. 62349-02-CO. Failure to adopt & implement standards for investigation of claims & failure to pay interest on late claims.	FL DOI	FL
08/15/02	Humana Insurance Company	\$7,000	Refusing to issue health coverage to eligible small employer. Consent Order #02-1053.	TX DOI	TX
07/26/02	Humana Health Plan, Inc.	\$39,000	Market Conduct Exam, claims processing & appeal correspondence - timeliness	AZ DOI	AZ
08/01/02	Humana Health Insurance of Puerto Rico, Inc. & Humana Health Plan of Puerto Rico, Inc.	\$2,000	Audit for 1995-1999. Case No. E-2000-187	PR DOI	PR
06/06/02	Humana Medical Plan & possibly Humana Health Insurance Company of Florida, Inc.	\$25,000	Consent order #43382-01-CO	FL DOI	FL
05/21/02	Humana Insurance Company	\$13,500	Targeted Market Conduct Exam. Case No. Ins-2002-00112	VA DOI	VA
04/03/02	Humana Health Insurance Company of Florida, Inc.	\$50,000	Consent Order Assignment No. 60438-02-CO. Rate filings violations. (Additional \$2K in admin costs)	FL DOI	FL
05/06/02	Humana Insurance Company (f/k/a EHI)	\$2,000	Late claims payments - violation of new laws (total \$17K in conjunction with other companies, but don't know total amount yet)	KY DOI	KY
04/03/02	Humana Medical Plan, Inc.	\$50,000	Consent Order #60555-02-CO Late claims payments (2 \$25K violations and \$2K in admin costs - not counted as fine)	FL DOI	FL
01/24/02	Humana Employers Health Plan of Georgia, Inc.	\$400,000	In violation of prompt claims payment laws	GA DOI	GA
01/07/02	Humana Insurance Company f/k/a Employers Health Insurance Company	\$25,000	Market conduct exam - improper claims practices and/or insurance code violations	IL DOI	IL
12/02/01	Employers Health Insurance Company	\$500,000	Notification to policyholders that insurance would be cancelled without final DOI approval. \$2,000 made to each employer group (78 groups) and \$344,000 to the DOI	WA DOI	WA
10/03/01	Humana Health Plan, Inc.	\$10,000	In violation of appeals laws - Health Care Appeals Examination Report outlines.	AZ DOI	AZ

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
09/06/01	Humana Insurance Company, Employers Health Insurance Company, and Humana Health Plan of Texas, Inc.	\$1,250,000	Industry compliance with new claims payment rules. Consent order 01-0840	TX DOI	TX
09/01/01	Humana Insurance Company	\$1,000	Failure to file life illustrations exhibit for plan year 1999	NV DOI	NV
09/01/01	Empheys Insurance Company	\$1,000	Failure to file life illustrations exhibit for plan year 1999 (This fine should not have been paid - we didn't own yet)	NV DOI	NV
08/17/01	Humana Health Insurance of Puerto Rico, Inc. & Humana Health Plan of Puerto Rico, Inc.	\$3,000	Late filing of financial statements	PR DOI	PR
08/01/01	The Dental Concern, Inc.	\$8,800	Market conduct exam - claims, failure to request a hearing, records preservation	KY DOI	KY
07/10/01	Employers Health Insurance Company	\$13,000	Consent Order #01-0633, Docket No. C-01-0230. Risk Pool assessment. In future will comply with Tex Ins Code art. 21.58A & 28 Tex Admin Code 19.1712 and 19.1721.	TX DOI	TX
05/11/01	Humana Health Plan, Inc.	\$4,000	Market Conduct Exam, advertising/enrollment form/renewal forms	KY DOI	KY
04/01/01	Employers Health Insurance Company	\$10,000	Slow response to enrollees' requests for appeals.	AZ DOI	AZ
03/02/01	Employers Health Insurance Company	\$14,900	Violations set out in Case no. 00-1256-EXM/Market Conduct Exam	OK DOI	OK
02/27/01	Employers Health Insurance Company	\$35,000	Ohio Claims Review/late claims payments	OH DOI	OH
02/26/01	Humana Health Insurance Company of Florida, Inc.	\$14,000	Market Conduct Exam/adequate records, timely claims payment, claims communication, failure to pay interest on overdue claims	FL DOI	FL
02/26/01	HumanaDental Insurance Company	\$1,000	Failure to file name change within 30 days of acquisition/domestic name change	LA DOI	LA
02/15/01	Employers Health Insurance Company	\$500	Failure to respond to Commissioner complaint on time	CO DOI	CO
01/31/01	Humana Insurance Company	\$10,000	In violation of A.R.S. section 20-461, 20-2535, and 20-2536 from Health Care Appeals Audit.	AZ DOI	AZ
11/01/00	Employers Health Insurance Company	\$500	Failure to file mid-year coverage counts by 08/15/00.	UT DOI	UT

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
11/15/00	Employers Health Insurance Company	\$12,500	Market Conduct Exam - small group - revised form distribution not timely, standard plan not priced separately, terms of coverage not included with renewal notice	MD DOI	MD
09/22/00	The Dental Concern	\$16,000	Untimely renewal of certificate of authority	MD DOI	MD
09/22/00	Employers Health Insurance Company	\$7,500	Inappropriate definition of "sickness" used to deny claims for speech therapy benefits. T.I.C. art 3.70-2(G)	TX DOI	TX
09/25/00	Employers Health Insurance Company	\$500	Late response to commissioner complaint file	CO DOI	CO
04/01/00	Humana Medical Plan, Inc.	\$10,000	Late Claims Payment/Commercial & Medicaid	FL DOI & AHCA	FL
04/01/00	Humana Employers Health Plan of Georgia, Inc.	\$15,040	Late Claims Payment	GA DOI	GA
02/29/00	Humana Insurance Company	\$3,000	Fine resulting from nonresponse	OK DOI	OK
02/29/00	Humana Insurance Company	\$4,500	Fine resulting from nonresponse	OK DOI	OK
02/10/00	Humana Insurance Company	\$7,500	Fine resulting from delay in responding to a complaint	OK DOI	OK
12/31/99	Humana Insurance Company	\$1,500	Fine resulting from failure to obtain approval for individual and basic standard health benefit plans	NV/HIPAA	NV
12/31/99	Humana Insurance Company	\$1,500	Fine resulting from failure to file conversion basic and standard health benefit plans	NV/HIPAA	NV
12/20/99	Employers Health Insurance Company	\$500	Fine resulting from delay in responding	IN DOI	IN
12/16/99	Humana Insurance Company	\$1,000	Failure to respond to DOI inquiry	OK DOI	OK
12/16/99	Humana Insurance Company	\$1,000	Failure to respond to DOI inquiry	OK DOI	OK
11/18/99	Employers Health Insurance Company	\$500	Failure to respond to a complaint within 20 days	IN DOI	IN
11/17/99	Employers Health Insurance Company	\$41,750	Fines resulting from Market Conduct Examination	CO DOI	CO
09/11/99	Employers Health Insurance Company	\$500	Failure to respond to Division's inquiry letter within 20 days (missed by one day due to: CO counts date of letter as start date of 20 days, not the mailing date).	CO DOI	CO

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
09/04/99	Humana Medical Plan, Inc.	\$22,500	Fines resulting from Emergency Room claims audit	AHCA	FL
06/01/99	Humana Insurance Company	\$1,000	Failure to respond to a claims letter	OK DOI	OK
04/30/99	Services, Inc.	\$20,000	23:1194(A)(4) & revised La R.S. 23:1196(A)(6) -	LA DOI	LA
04/21/99	Humana Health Plan, Inc.	\$50,000	Fines resulting from Market Conduct Examination	IL DOI	IL
02/01/99	Humana Health Plan, Inc.	\$500	Payment of fine for late response to complaint	IN DOI	IN
02/03/99	PCA Family Health Plan of Florida	\$600	Originally due 9/15/95. Health Care facilities and providers in Florida are required to pay an annual assessment to support the planning activities of the local health councils. Fee \$150, Fine for not paying \$150. Another " " due 9/30/98 Same company & amounts (so total \$600 for both invoices.	Agency for Health Care Administration	FL
02/03/99	PCA Health Plans of Florida	\$600	Originally due 8/22/95. Health Care facilities and providers in Florida are required to pay an annual assessment to support the planning activities of the local health councils. Fee \$150, Fine for not paying \$150. Another " " due 8/27/98 Same company & amounts (so total \$600 for both invoices.	Agency for Health Care Administration	FL
01/21/99	Humana Health Plans, Inc.	\$25,000	Payment of fine for allowing an unlicensed agent to transact health insurance.	NV DOI	NV
12/08/98	Humana Insurance Company	\$500	Payment of fine for late response to complaint	OK DOI	OK
10/06/98	Employers Health Insurance Company	\$500	Failure to provide written response to complaint within the time period according to statute	CO DOI	CO
10/02/98	Employers Health Insurance Company	\$500	Payment of forfeiture for late response to claim	WI DOI	WI
10/02/98	Employers Health Insurance Company	\$500	Payment of forfeiture for late response to claim	WI DOI	WI
10/01/98	Employers Health Insurance Company	\$500	Payment of penalty for failure to provide written response to complaint within the time period according to statute	CO DOI	CO
08/04/98	Humana Health Insurance Company of Florida, Inc.	\$4,000	Payment of administrative penalty and costs for a rate dispute	FL DOI	FL
05/21/98	PCA Property & Casualty Insurance Company	\$1,000	Payment of fine for failure to timely file first quarter tax return	SC DOI	SC

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
05/13/98	Humana Health Plans of Puerto Rico, Inc.	\$1,500	Payment of fine for violating rules governing provider contracts and capitation rates, failure to receive Department of Insurance approval for premium rates, and failure to receive Department of approval for evidences of coverage and brochures distributed to subscribers.	PR DOI	PR
01/23/98	Humana Inc.	\$9,000	Payment of settlement for allegedly making unsolicited sales calls to members in Florida who are on the "no sales calls" list maintained by the Dept.	FL Dept. of Agriculture & Consumer Services	FL
01/23/98	Humana Health Plan, Inc.	\$120,000	Payment of penalty for charging a rate not approved by the KY DOI.	KY DOI	KY
01/02/98	Humana Health Plan of Texas, Inc.	\$50,000	Payment of penalty for failure to provide accessible health care, advertising in violation of Texas law, failure to comply with complaint system regulations and failure to comply with Dept. of Health examination	TX DOI	TX
01/02/98	Humana Health Plan of Texas, Inc.	\$100,000	Payment of penalty for failure to provide accessible health care, advertising in violation of Texas law; failure to comply with complaint system regulations	TX DOI	TX
12/18/97	Humana Health Plan of Texas, Inc.	\$10,000	Payment of an administrative penalty for failing to timely respond to inquiries from the Consumer Protection Division.	TX DOI	TX
12/15/97	PCA Life Insurance Company	\$850	Payment of penalty for the signing of application forms by non-authorized agents	FL DOI	FL
11/01/97	PCA	\$90,000	Payment for investigative costs and attorneys' fees re: alleged violations of the Texas Deceptive Trade Practices Act. PCA entered into Assurance of Voluntary Compliance with Texas Attorney General's Office.	TX Attorney General's Office	TX
10/31/97	PCA Property & Casualty	\$1,000	Payment of penalty fee for late filing second quarter premium tax return.	SC DOI	SC
04/09/97	Humana Health Plan, Inc.	\$1,000	Payment of penalty fee for late filing of Kansas Dept. of Insurance Complaint and Closed Claim Summary (part of annual statutory filing)	KS DOI	KS
04/09/97	Humana Kansas City, Inc.	\$1,000	Payment of penalty fee for late filing of Kansas Dept. of Insurance Complaint and Closed Claim Summary (part of annual statutory filing)	KS DOI	KS

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
05/01/97	HMO California	\$2,500	Payment for civil penalty assessed by California Department of Corporations, for failure of HMO California along with 80 other HMOs to notify members about their right to register complaints through a toll-free 800 telephone number.	CA Dept. of Corporations	CA
02/01/97	Humana Kansas City, Inc. Humana Health Plan, Inc. Humana Insurance Company	\$34,726	Payment of fines in connection with Missouri Market Conduct Exam matters: Non-appointment of agents; improper policy language; failure to actively market to small employers; timely processing of claims; improper payment of claims; inconsistent claims handling practices; failure to maintain COB savings bank; discounted rate paid to non-participating providers; failure to maintain documents in legible format; complaint handling procedures. \$6,066 = total for 3 companies \$28,660 = reprocessed claims all companies	MO	MO
01/23/97	Humana Health Plan, Inc.	\$2,850	Payment of fines in connection with Arizona Corrective Action Plan, Arizona Department of Insurance (filed May 2, 1997) in connection with Market Conduct Exam - timely processing of claims and payment of interest on late claims	AZ DOI	AZ
01/23/97	Humana Insurance Company	\$4,300	Payment of fines in connection with Arizona Corrective Action Plan, Arizona Department of Insurance (filed May 2, 1997) in connection with Market Conduct Exam - timely processing of claims and payment of interest on late claims. Other issues - Non-timely filing of agent listings by HIC	AZ DOI	AZ
01/10/97	Humana Group Health Plan, Inc.	\$54,000	Settlement with no admission of liability (and in lieu of penalty/fines) for alleged violations of, among others, unfair trade practices and failure to adhere to claims processing time frames, discovered during routine market conduct exam Virginia Bureau of Insurance.	VA Bureau of Insurance	VA

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
09/16/96	Employers Health Insurance Company	\$1,000	Payment of penalty to the Kansas Department of Insurance and execution of Consent Order, with no admission of liability, for failure to respond timely to a pre-certification request and for insurance contracts not satisfying Kansas Insurance statutes (K.S.A. 40-2209) and Bulletin 1991-16 (Addendum).	KS DOI	KS
09/06/96	HMPK, Inc.	\$1,000	Payment of Investigation Fee to the Indiana Department of Insurance and execution of stipulation and consent order, with no admission of liability, for failure to obtain a certificate of authority to establish or operate a health maintenance organization.	IN DOI	IN
08/21/96	Employers Health Insurance Company	\$7,652.50	Payment of Voluntary Forfeiture Fee to Missouri Department of Insurance and execution of Stipulation and Settlement Voluntary Forfeiture and Order of Director, for advertising violations and incidental administrative record keeping violations resulting from the Market Conduct Examination and report number 1719-0595.	MO DOI	MO
03/17/96	Humana Health Plan, Inc.	\$500	Payment to the Illinois Department of Professional Regulation and execution of disciplinary consent order, with no admission of liability, for a single violation of delivering oral contraceptives to a mail order pharmacy while holding a Pharmacy license instead of a Wholesale Drug Distribution license.	IL Dept. of Professional Regulation	IL
02/26/96	Employers Health Insurance Company	\$1,250	Civil forfeiture and execution of consent order, with no admission of liability, for various claims of non-compliance including failure to properly pay interest due on some life, accident and health claims, and maintain receipts for delay letters on accident and health claims.	OK DOI	OK
02/15/96	Humana Health Insurance Company of Florida, Inc.	\$4,000	Payment and execution of Joint Stipulation and Settlement, without admission of liability, for non-compliance with requirements for optometry availability.	FL DOI	FL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
09/22/95	Humana Insurance Company	\$40,000	Payment and execution of consent order, without admission of liability, for claims of attempting to settle claims for less than the amount to which a reasonable person would have believed he was entitled and failure to pay such claims in a timely manner.	AZ DOI	AZ
08/29/95	Humana Health Plan, Inc.	\$25,000	Civil forfeiture of \$25,000 and execution of consent order, with no admission of liability, for various claims of non-compliance including unlicensed telemarketing representatives and failure to adhere to claims processing time frames in specific cases.	IL DOI	IL
08/25/94	Humana Health Plan, Inc.	\$15,000	Fined for failure to attach completed Medicare Supplement Comparison forms to the replacement insurance coverage.	KY DOI	KY
08/25/94	Humana Health Plan, Inc.	\$22,500	Fined for failure to obtain and or retain completed Medicare Supplement Comparison forms in transactions in which HHP insurance products were to replace existing coverage.	KY DOI	KY
06/01/94	Humana Insurance Company	\$100	Quarterly Premium Tax not paid on time	SC DOI	SC
05/19/94	Employers Health Insurance Company	\$12,950	Civil forfeiture of \$12,950 and execution of consent order, with no admission of liability, for various claims of non-compliance including the need for procedures whereby payment of commissions are only made to duly authorized and licensed producers, and need for reopening and payment of certain Group Major Medical Claims.	IL DOI	IL
04/06/94	Humana Insurance Company	\$125,219.43	Settlement with Texas Attorney General regarding allegations that Humana negotiated discounts with providers that were not passed along to policyholders. \$100,000 in attorney's fees & \$25,219.43 to members who had made claims between 10/1/91 and 2/8/92.	TX Attorney General's Office	TX
03/01/94	Randmark, Inc.	\$5,000	Colorado Annual Report not filed on time.	CO DOI	CO
10/19/93	Humana Insurance Company	\$4,500	Payment of administrative assessments, costs and attorney's fees as part of a Consent Order to address Florida DOI allegations that Humana Insurance Company's premium to equity ratio exceeded Florida guidelines. Humana Inc. agreed to make a \$13,000,000 capital contribution to Humana Insurance Company.	FL DOI	FL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
08/01/93	Humana Health Insurance Company of Florida, Inc.	\$18,000	Books, records, investments not in state	FL DOI	FL
07/12/93	Humana Health Plan, Inc.	\$125,000	Fined for use of rates which were not filed with or approved by the Commissioner. The company states that it entered into the Agreed Order to resolve the dispute, but that the Agreed Order is not an admission of violation or liability.	KY DOI	KY
05/12/93	Humana Health Plan of Utah, Inc.	\$500	Fined for failure to pay the specified fee for the renewal filing of the certificate of authority, which resulted in an incomplete filing.	UT DOI	UT
04/01/93	Humana Medical Plan, Inc. and Humana Health Plan of Florida, Inc.	\$2,500	CPA Audit reports not filed on time	FL DOI	FL
03/01/93	Humana Health Insurance Company of Florida, Inc.	\$17,000	Certificate of Compliance of advertising not filed	FL DOI	FL
07/06/92	Humana Health Plan of Washington, Inc.	\$50	Fined for failure to pay the specified regulatory operating fee on a timely basis.	WA DOI	WA
03/16/92	Humana Health Plan, Inc.	\$1,000	Fined for the unintentional violation of KRS 304.9-425 in that the company advanced an agent override payments based on sales prior to the time he was licensed to be set-off with post-licensure override commissions properly earned. The company declined to contest said charged violation of the Kentucky Insurance Code.	KY DOI	KY
03/01/92	Humana Insurance Company	\$725	Arizona - diskette not filed with Annual Statement	AZ DOI	AZ
07/21/91	Humana Health Plan, Inc.	\$100	Fined for failure to timely file notification of the dividend payment made in the first quarter of 1991.	IL DOI	IL
07/15/91	Humana Health Plan, Inc.	\$100	Fined for failure to timely file notification of the dividend payment made in 1990.	IL DOI	IL
07/01/90	Humana Kansas City, Inc. (formerly Prime Health Kansas City, Inc.)	\$500	Fined for failure to render a timely and accurate report on the Quality Assurance statutes. The issue was not that we provided inappropriate care, but rather that our response was not timely or accurate.	KS DOI	KS
03/23/90	Humana Health Insurance Company of Nevada, Inc.	\$41,366	Fined for incorrect paying of claims.	NV DOI	NV
03/01/90	Humana Health Plan	\$1,100	Only one copy of IL Annual Statement filed; two are required.	IL DOI	IL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
02/01/90	Humana Insurance Company	\$7,500	To resolve the Illinois Department of Insurance allegation that the company failed to timely file a 1987 report required by Section 144.2 of the Illinois Insurance Code.	IL DOI	IL
06/22/89	Humana Health Insurance Company of Florida, Inc.	\$5,000	To resolve the Florida Department of Insurance allegations that Medicare Supplement Advertising used by the company in the Fall of 1987, was in violation of certain Department of Insurance statutes.	FL DOI	FL
04/20/89	Humana Insurance Company	\$12,000	For failure to acknowledge receipt of claims received in 1985 and 1986, within the time period allowed by the Arizona Department of Insurance regulations.	AZ DOI	AZ
07/26/88	Humana Health Insurance of Nevada, Inc.	\$50,000	Fined for failure to state that Humana Health Insurance of Nevada, Inc. was a holding company; and, did not maintain books and records in the state.	NV DOI	NV
02/29/88	Humana Insurance Company	\$100	Fined for failing to submit the required Delaware Discrimination Questionnaire Bulletin 87-4 on a timely basis.	DE DOI	DE
10/14/87	Humana Insurance Company	\$2,000	Fined for failing to pay the 1987 Fraud Assessment and failing to pay on a timely basis the same assessment in 1986.	NV DOI	NV
09/15/87	Humana Medical Plan of Nevada, Inc.	\$200	Fined for failing to pay the 1987 Fraud Assessment.	NV DOI	NV
03/18/86	Humana Health Plan, Inc.	\$2,500	Fined for advertising and enlargement of its service area without obtaining prior approval of the advertisement from the Commissioner of Insurance.	KY DOI	KY
03/18/86	Humana Health Plan, Inc.	\$2,500	Fined for distributing multiple gifts to prospective enrollees which exceeded \$1 in value in the aggregate in violation of KRS 304.12-110.	KY DOI	KY
06/20/85	Humana Health Plan, Inc.	\$1,000	Fined for broadcasting a television advertisement without obtaining prior approval of advertisement from the Commissioner of Insurance.	KY DOI	KY
03/13/85	Humana Health Plan, Inc. (Formerly Humana Health Plan of Kentucky, Inc.)	\$500	Fined for selling an HMO policy through a licensed insurance agent who did not have the required license to sell HMO coverage.	KY DOI	KY
06/25/85	Humana Insurance Company (Formerly Commercial State Life Insurance Company)	\$1,000	Fined for misleading advertising in the use of company and product names.	WA DOI	WA

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

BIOGRAPHICAL AFFIDAVIT
Supplemental Personal Information

(Print or Type)

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority.

Full Name, Address, and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names).

HumSol, Inc.

500 West Main Street

Louisville, KY 40202

1. Affiant's Full Name (Initials Not Acceptable). Charles Frederic Lambert, III

2. Have you ever used any other name including nickname, maiden name or aliases? NO If yes, give the reason if any, if none indicate such, and provide the full name(s) and date(s) used.

<u>Beginning/Ending Date(s) Used (MM/YY)</u>	<u>Name(s)</u>	<u>Reason (If None, indicate such)</u>
<u>NONE -</u>	<u></u>	<u></u>
<u>-</u>	<u></u>	<u></u>

Note: Dates provided in response to this question may be approximate. Parties using this form understand that there could be an overlap of dates when transitioning from one name to another.

3. Affiant's Social Security Number [REDACTED]

4. Government Identification Number if not a U.S. Citizen NONE

5. Foreign Student ID# (if applicable) N/A

6. Date of Birth: (MM/DD/YY) [REDACTED] Place of Birth: City Louisville
State/Province KY Country USA

7. Name of Affiant's Spouse (if applicable) Kimberly P. Lambert

Applicant Name (Company) HumSol, Inc.

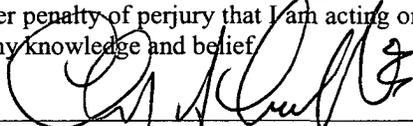
NAIC No. 0119-
FEIN: 45-3023344

8. List your residences for the last ten (10) years starting with your current address, giving:

<u>Beginning/Ending Dates (MM/YY)</u>	<u>Address</u>	<u>City</u>	<u>State/Province</u>	<u>Country</u>	<u>Postal Code</u>
<u>09/03-Present</u>	[REDACTED]	[REDACTED]	<u>KY</u>	<u>USA</u>	<u>40207</u>
<u>02/98-09/03</u>	[REDACTED]	[REDACTED]	<u>KY</u>	<u>USA</u>	<u>40207</u>

Note: Dates provided in response to this question may be approximate, except for current address. Parties using this form understand that there could be an overlap of dates when transitioning from one address to another.

Dated and signed this 20th day of Sept, 2011 at Louisville, KY I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.



(Signature of Affiant)

State of Kentucky County of Jefferson

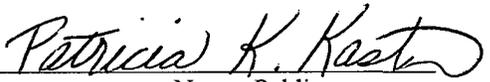
The foregoing instrument was acknowledged before me this 20th day of Sept, 2011 By Charles F. Lambert, III, and:

- who is personally known to me, or
- who produced the following identification: _____

[SEAL]



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012



Notary Public

Printed Notary Name

My Commission Expires

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-
FEIN: 45-3023344

DISCLOSURE AND AUTHORIZATION CONCERNING BACKGROUND REPORTS (*All states except California, Minnesota and Oklahoma*)

This Disclosure and Authorization is provided to you in connection with pending or future application(s) of HumSol, Inc. ("Company") for licensure or a permit to organize ("Application") with a department of insurance in one or more states within the United States. Company desires to procure a consumer or investigative consumer report (or both) ("Background Reports") regarding your background for review by a department of insurance in any state where Company pursues an Application during the term of your functioning as, or seeking to function as, an officer, member of the board of directors or other management representative ("Affiant") of Company or of any business entities affiliated with Company ("Term of Affiliation") for which a Background Report is required by a department of insurance reviewing any Application. Background Reports requested pursuant to your authorization below may contain information bearing on your character, general reputation, personal characteristics, mode of living and credit standing. The purpose of such Background Reports will be to evaluate the Application and your background as it pertains thereto. To the extent required by law, the Background Reports procured under this Disclosure and Authorization will be maintained as confidential.

You may obtain copies of any Background Reports about you from the consumer reporting agency ("CRA") that produces them. You may also request more information about the nature and scope of such reports by submitting a written request to Company. To obtain contact information regarding CRA or to submit a written request for more information, contact Joan O. Lenahan, Vice President and Corporate Secretary, 500 West Main Street, 27th Floor, Louisville, KY 40202, 502-580-3778.

Attached for your information is a "Summary of Your Rights Under the Fair Credit Reporting Act."

AUTHORIZATION: I am currently an Affiant of Company as defined above. I have read and understand the above Disclosure and by my signature below, I consent to the release of Background Reports to a department of insurance in any state where Company files or intends to file an Application, and to the Company, for purposes of investigating and reviewing such Application and my status as an Affiant. I authorize all third parties who are asked to provide information concerning me to cooperate fully by providing the requested information to CRA retained by Company for purposes of the foregoing Background Reports, except records that have been erased or expunged in accordance with law.

I understand that I may revoke this Authorization at any time by delivering a written revocation to Company and that Company will, in that event, forward such revocation promptly to any CRA that either prepared or is preparing Background Reports under this Disclosure and Authorization. This Authorization shall remain in full force and effect until the earlier of (i) the expiration of the Term of Affiliation, (ii) written revocation as described above, or (iii) twelve (12) months following the date of my signature below.

A true copy of this Disclosure and Authorization shall be valid and have the same force and effect as the signed original.

Charles Frederic Lambert, III, [REDACTED], KY 40207

(Printed Full Name and Residence Address)

[Signature]
(Signature)

Sept 20, 2011
(Date)

State of Kentucky County of Jefferson

The foregoing instrument was acknowledged before me this 20th day of Sept, 2011 By Charles F. Lambert, III, and:

who is personally known to me, or

who produced the following identification: _____



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012

Patricia K. Kaster
Notary Public

Printed Notary Name

My Commission Expires

Page Break

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

BIOGRAPHICAL AFFIDAVIT

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority.

(Print or Type)

Full Name, Address and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names). _____

HumSol, Inc.

500 West Main Street

Louisville, KY 40202

In connection with the above-named entity, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) IF ANSWER IS "NO" OR "NONE," SO STATE.

1. Affiant's Full Name (Initials Not Acceptable). Joseph Christopher Ventura

2. a. Are you a citizen of the United States? YES

b. Are you a citizen of any other country, if so, what country? NO

3. Affiant's Occupation or Profession. Business Executive

4. Affiant's business address. 500 West Main Street, Louisville, KY 40202

Business telephone. 502-580-3149

5. Education and Training:

<u>College/ University</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree Obtained</u>
<u>University of Richmond</u>	<u>Richmond, VA</u>	<u>09/93-05/97</u>	<u>BA-Political Science</u>

<u>Graduate Studies:</u>	<u>College/ University</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree Obtained</u>
	<u>University of Virginia</u>	<u>Charlottesville, VA</u>	<u>09/00-05/03</u>	<u>Juris Doctorate</u>

<u>Other Training: Name</u>	<u>City/ State</u>	<u>Dates Attended (MM/YY)</u>	<u>Degree/Certification Obtained</u>
<u>NONE</u>			

(Note: If affiant attended a foreign school, please provide full address and telephone number of the college/university. If applicable, provide the foreign student Identification Number in the space provided in the Biographical Affidavit Supplemental Information.)

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

6. List of memberships in professional societies and associations.

<u>Name of Society/Association</u>	<u>Contact Name</u>	<u>Address of Society/Association</u>	<u>Telephone Number of Society/Association</u>
New York State Bar Association	Stephen P. Younger President	One Elk Street Albany, NY 12207	518-463-3200
Kentucky Bar Association	Bruce K. Davis President	514 West Main Street Frankfort, KY 40601-1883	502-564-3795

7. Present or proposed position with the applicant entity. Assistant Secretary

8. List complete employment record for the past twenty (20) years, whether compensated or otherwise (up to and including present jobs, positions, partnerships, owner of an entity, administrator, manager, operator, directorates or officerships). Please list the most recent first. Attach additional pages if the space provided is insufficient. It is only necessary to provide telephone numbers and supervisory information for the past ten (10) years.

See Employment History – Attachment A & Officerships & Directorates—Attachment B

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Beginning/Ending Dates (MM/YY) _____ - _____ Employer's Name _____

Address _____ City _____ State/Province _____

Country _____ Postal Code _____ Phone _____ Offices/Positions Held _____

Supervisor / Contact _____

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

9. a. Have you ever been in a position which required a fidelity bond? NO If any claims were made on the bond, give details. NONE

b. Have you ever been denied an individual or position schedule fidelity bond, or had a bond canceled or revoked? NO If yes, give details. NONE

10. List any professional, occupational and vocational licenses (including licenses to sell securities) issued by any public or governmental licensing agency or regulatory authority or licensing authority that you presently hold or have held in the past. For any non-insurance regulatory issuer, identify and provide the name, address and telephone number of the licensing authority or regulatory body having jurisdiction over the license (s) issued.. If your professional license number is your Social Security Number (SSN) or embeds your SSN or any sequence of more than five numbers that are reasonably identifiable as your SSN, then write SSN for that portion of the professional license number that is represented by your SSN. (For example, "SSN", "12-SSN-345" or "1234-SSN" (last 6 digits)). Attach additional pages if the space provided is insufficient

Organization/Issuer of License New York Unified Court System Address 25 Beaver Street, Room 840

City New York State/Province NY Country USA Postal Code 10004

License Type Attorney License # 4228953 Date Issued (MM/YY) 05/04

Date Expired (MM/YY) N/A Reason for Termination Active

Non-insurance Regulatory Phone Number (if known) 212-428-2800

Organization/Issuer of License Supreme Court of Kentucky Address Room 235, Capitol Building

City Frankfort State/Province KY Country USA Postal Code 40601

License Type Attorney License # 92851 Date Issued (MM/YY) 03/09

Date Expired (MM/YY) N/A Reason for Termination Active

Non-insurance Regulatory Phone Number (if known) 502-564-5444

11. In responding to the following, if the record has been sealed or expunged, and the affiant has personally verified that the record was sealed or expunged, an affiant may respond "no" to the question. Have you ever:

a. Been refused an occupational, professional, or vocational license or permit by any regulatory authority, or any public administrative, or governmental licensing agency? NO

b. Had any occupational, professional, or vocational license or permit you hold or have held, been subject to any judicial, administrative, regulatory, or disciplinary action? NO

c. Been placed on probation or had a fine levied against you or your occupational, professional, or vocational license or permit in any judicial, administrative, regulatory, or disciplinary action? NO

d. Been charged with, or indicted for, any criminal offense(s) other than civil traffic offenses? NO

e. Pled guilty, or nolo contendere, or been convicted of, any criminal offense(s) other than civil traffic offenses? NO

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

- f. Had adjudication of guilt withheld, had a sentence imposed or suspended, had pronouncement of a sentence suspended, or been pardoned, fined, or placed on probation, for any criminal offense(s) other than civil traffic offenses? NO
- g. Been subject to a cease and desist letter or order, or enjoined, either temporarily or permanently, in any judicial, administrative, regulatory, or disciplinary action, from violating any federal, state law or law of another country regulating the business of insurance, securities or banking, or from carrying out any particular practice or practices in the course of the business of insurance, securities or banking? NO
- h. Been, within the last ten (10) years, a party to any civil action involving dishonesty, breach of trust, or a financial dispute? NO
- i. Had a finding made by the Comptroller of any state or the Federal Government that you have violated any provisions of small loan laws, banking or trust company laws, or credit union laws, or that you have violated any rule or regulation lawfully made by the Comptroller of any state or the Federal Government? NO
- j. Had a lien or foreclosure action filed against you or any entity while you were associated with that entity?
NO

If the response to any question above is answered "Yes", please provide details including dates, locations, disposition, etc. Attach a copy of the complaint and filed adjudication or settlement as appropriate.

NONE

- 12. List any entity subject to regulation by an insurance regulatory authority that you control directly or indirectly. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting securities of any other person. NONE

If any of the stock is pledged or hypothecated in any way, give details. NONE

- 13. Do [Will] you or members of your immediate family individually or cumulatively subscribe to or own, beneficially or of record, 10% or more of the outstanding shares of stock of any entity subject to regulation by an insurance regulatory authority, or its affiliates? An "affiliate" of, or person "affiliated" with, a specific person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. If the answer is "Yes", please identify the company or companies in which the cumulative stock holdings represent 10% or more of the outstanding voting securities.
NO

If any of the shares of stock are pledged or hypothecated in any way, give details.

NONE

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

14. Have you ever been adjudged a bankrupt? NO If yes, provide details NONE

15. To your knowledge has any company or entity for which you were an officer or director, trustee, investment committee member, key management employee or controlling stockholder, had any of the following events occur while you served in such capacity? If yes, please indicate and give details. When responding to questions (b) and (c) affiant should also include any events within twelve (12) months after his or her departure from the entity.

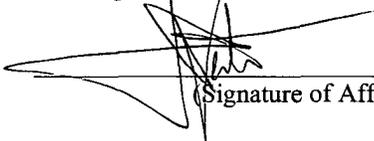
a. Been refused a permit, license, or certificate of authority by any regulatory authority, or Governmental-licensing agency? NO

b. Had its permit, license, or certificate of authority suspended, revoked, canceled, non-renewed, or subjected to any judicial, administrative, regulatory, or disciplinary action (including rehabilitation, liquidation, receivership, conservatorship, federal bankruptcy proceeding, state insolvency, supervision or any other similar proceeding)? NO

c. Been placed on probation or had a fine levied against it or against its permit, license, or certificate of authority in any civil, criminal, administrative, regulatory, or disciplinary action? Yes, See Attachment C

Note: If an affiant has any doubt about the accuracy of an answer, the question should be answered in the positive and an explanation provided.

Dated and signed this 12th day of Sept, 2011 at Louisville, KY I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.



(Signature of Affiant)

State of Kentucky County of Jefferson

The foregoing instrument was acknowledged before me this 12th day of Sept, 2011 By Joseph C. Ventura, and:

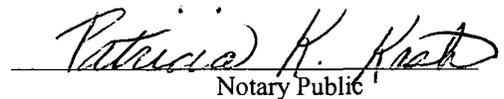
who is personally known to me, or

who produced the following identification: _____

[SEAL]



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012



Notary Public

Printed Notary Name

My Commission Expires

EMPLOYMENT HISTORY:

ATTACHMENT A

Joseph C. Ventura

<u>Date</u>	<u>Employer/Address</u>	<u>Title</u>
01/09-Present	Humana Inc. 500 West Main Street Louisville, KY 40202 Telephone # 502-580-3149 Supervisor: Joan O. Lenahan	Assistant Secretary and Legal Counsel
09/03-12/08	Alston & Bird LLP 90 Park Avenue New York, NY 10024 Telephone # 212-210-9400 Supervisor: Mark F. McElreath	Associate
09/00-05/03	University of Virginia School of Law 580 Massie Road Charlottesville, VA 22903 Telephone #434-924-7354	Student
05/02-08/02	Alston & Bird LLP The Atlantic Building 950 F. Street, NW Washington, DC 20004 Telephone # 202-756-3300 Supervisor: Dwight C. Smith, III	Summer Associate
09/01-12/01	Professor Jennifer Mnookin 580 Massie Road Charlottesville, VA 22903 Telephone # 434-924-7354 Supervisor: Prof. Jennifer Mnookin	Research Assistant
07/01-08/01	Hirschler Fleisher PC The Edgeworth Bldg. 2100 East Cary Street Richmond, VA 23223 Telephone # 804-771-9500 Supervisor: S. Brian Farmer	Summer Associate
05/01-06/01	Hoffheimer Nusbaum PC 1700 Dominion Tower 999 Waterside Drive Norfolk, VA 23510 Telephone # 757-622-3366 Supervisor: William A. Old, Jr.	Summer Associate
05/97-09/00	Portsmouth Abbey School 285 Cory's Lane Portsmouth, RI 02871	Director of Admissions History Teacher Athletics Coach
09/93-05/97	University of Richmond 28 Westhampton Way Richmond, VA 23173	Student and Peer Tutor

Joseph C. Ventura**Company/Title**

Assistant Secretary of the following companies:**516-526 West Main Street Condominium Council of Co-Owners, Inc.****American Dental Plan of North Carolina, Inc.****American Dental Providers of Arkansas, Inc.****CAC-Florida Medical Centers, LLC****CareNetwork, Inc.****CarePlus Health Plans, Inc.****Cariten Health Plan Inc.****Cariten Insurance Company****CHA HMO, Inc.****CHA Service Company****CompBenefits Company****CompBenefits Corporation****CompBenefits Dental, Inc.****CompBenefits Direct, Inc.****CompBenefits Insurance Company****CompBenefits of Alabama, Inc.****CompBenefits of Georgia, Inc.****Competitive Health Analytics, Inc.****Corphealth Provider Link, Inc.****Corphealth, Inc.****CPHP Holdings, Inc.****DefenseWeb Technologies, Inc.****Dental Care Plus Management, Corp.****DentiCare, Inc.****EmpheSys Insurance Company****EmpheSys, Inc.****Health Value Management, Inc.****HUM INT, LLC****HUM-e-FL, Inc.****HUM-Holdings International, Inc.****Humana Active Outlook, Inc.****Humana AdvantageCare Plan, Inc.****Humana Benefit Plan of Illinois, Inc.****Humana Dental Company****Humana Employers Health Plan of Georgia, Inc.****Humana Europe, Ltd.****Humana Government Network Services, Inc.****Humana Health Benefit Plan of Louisiana, Inc.****Humana Health Insurance Company of Florida, Inc.****Humana Health Plan Interests, Inc.****Humana Health Plan of California, Inc.**

Joseph C. Ventura**Company/Title**

Humana Health Plan of Ohio, Inc.
Humana Health Plan of Texas, Inc.
Humana Health Plan, Inc.
Humana Inc.
Humana Innovation Enterprises, Inc.
Humana Insurance Company
Humana Insurance Company of Kentucky
Humana Insurance Company of New York
Humana MarketPOINT of Puerto Rico, Inc.
Humana MarketPOINT, Inc.
Humana Medical Plan, Inc.
Humana Medical Plan of Michigan, Inc.
Humana Medical Plan of Pennsylvania, Inc.
Humana Medical Plan of Utah, Inc.
Humana Military Dental Services, Inc.
Humana Military Healthcare Services, Inc.
Humana Pharmacy Solutions, Inc.
Humana Pharmacy, Inc.
Humana Veterans Healthcare Services, Inc.
Humana WellWorks LLC
Humana Wisconsin Health Organization Insurance Corporation
HumanaCares, Inc.
HumanaDental Insurance Company
HumanaDental, Inc.
HumanaVitality, LLC
Humco, Inc.
HUMedium, Inc.
HumSol, Inc.
Hummingbird Coaching Systems LLC
Kanawha HealthCare Solutions, Inc.
Kanawha Insurance Company
KMG America Corporation
PHP Companies, Inc.
Preferred Health Partnership of Tennessee, Inc.
Preferred Health Partnership, Inc.
Preservation on Main, Inc.
Sensei, Inc.
Texas Dental Plans, Inc.
The Dental Concern, Inc.
The Dental Concern, Ltd.

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
8/11/2011	Humana Health Plan, Inc	\$120,000	KY Market Regulation Examination-MC#2010-16	KDI	KY
8/11/2011	Humana Insurance Company	\$32,000	KY Market Regulation Examination-MC#2010-14	KDI	KY
5/31/2011	Humana Health Plan, Inc.	\$122,500	Market Conduct Exam	CO DOI	CO
5/31/2011	Humana Insurance Company	\$191,500	Market Conduct Exam	CO DOI	CO
5/26/2011	Humana Health Insurance Company of Florida, Inc.	\$1,500	OSHA Violation - re: Training on health hazards	US Dept of Labor	FL
3/17/2011	Humana Insurance Company	\$11,000	Market Conduct Exam	KY DOI	KY
2/14/2011	Humana Health Plan, Inc.	\$1,000	Privacy Breach - Member	KY DOI	KY
1/19/2011	Empesys Insurance Company	\$1,000	Administrative fine for failure to timely pay annual appointment invoice	NV DOI	NV
12/8/2010	Humana Health Plan, Inc.	\$100,000	Target Market Conduct Exam issues relating to deficiencies in business practices.	KY DOI	KY
11/11/2010	Kanawha Insurance Company	\$550	Failure to respond to request for additional information for SERFF rate filing	CO DOI	CO
10/28/2010	Humana Insurance Company	\$55,880	Failure to provide accurate 2010 Ann Notice of Change (ANOC) and Evidence of Coverage (EOC) documents to certain beneficiaries	CMS	all
9/27/2010	Humana Health Plan of Puerto Rico, Inc.	\$500	Noncompliance with Prompt Payment regulation (Rule 73)	PR DOI	PR
7/18/2010	CompBenefits Insurance Company HumanaDental Insurance Company	\$1,100	Failure to respond to Colorado Hospital Average Reimbursement Rate for CY2009 Survey timely	CO DOI	CO
6/4/2010	Humana Insurance Company	\$3,000	Failure to pay claims during the 30 day grace period without written notice of discontinuance to impacted members.	UT DOI	UT
4/22/2010	Humana Insurance Company	\$250	Failure to receive prior approval for a continuing education course it provided in the Commonwealth of Kentucky	KY DOI	KY
12/16/2009	Kanawha Insurance Company	\$440	Failure to file Health Cost Report timely.	CO DOI	CO
11/18/2009	Kanawha HealthCare Solutions, Inc.	\$500	Failure to file the 2007 Annual Report timely.	NV DOI	NV
9/16/2009	Humana Insurance of Puerto Rico, Inc.	\$1,000	Violations of articles of incorporation relative to required capital.	PR DOI	PR

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
8/25/2009	Humana Health Plans of Puerto Rico, Inc.	\$1,000	Failure to file the Audited Financial Statements for 2008 timely	PR DOI	PR
7/9/2009	Humana Insurance Company	\$2,000	Failure to supply return receipt for Outline of Coverage for Medicare Supplement policyholder.	NE DOI	NE
6/24/2009	Humana Health Plan, Inc.	\$500	Failure to respond to Colorado Health Insurance Information Survey timely	CO DOI	CO
6/10/2009	Humana Health Plan, Inc.	\$3,625	Market Conduct Exam issues relating to violations for contracting with TPA that was not licensed and not providing documentation for appeals' files.	MO DOI	MO
4/5/2009	HumanaDental Insurance Company Humana Health Plan, Inc. Kanawha Insurance Company	\$1,500	Failure to respond to the Hospital Average Reimbursement Rates in 2008 Survey timely	CO DOI	CO
3/9/2009	Humana Medical Plan, Inc.	\$28,000	Case #95925-8--Violation of statutes regarding small group coverage of eligible employees	FL DFS	FL
1/16/2009	CompBenefits Dental, Inc.	\$1,000	Failure to seek permission to amend Schedule DA in domicile state.	IL DOI	IL
11/26/08	Humana Health Plan, Inc.	\$5,500	Consent Order--Prompt payment of claims issues for 4th Qtr. 2007.	KY DOI	KY
11/24/08	Humana Health Plan, Inc. Humana Insurance Company	\$7,000	Market Conduct Exam issues for failure to pay interest and meet timeframes.	KS DOI	KS
11/20/08	Humana Insurance Company	\$575	Failure to respond timely to CO DOI request	CO DOI	CO
10/29/08	Humana Health Plan of Texas, Inc.	\$2,500	Consent Order #08-0873--Failure to pay an independent review organization fee on a timely basis.	TX DOI	TX
08/28/08	Humana Insurance Company	\$750,000	DOI Case #08-C31613 Market Conduct Exam Report--violations of procedures for Claims, Grievance Review, Managed Care, Electronic Commerce, Small Employer, Marketing, Producer Licensing, Underwriting and Privacy	WI DOI	WI
08/21/08	Humana Health Plan, Inc.	\$5,000	Consent Order--Prompt payment of claims issues for 1st Qtr, 2007	KY DOI	KY
08/21/08	Humana Health Plan, Inc.	\$9,500	Consent Order--Prompt payment of claims issues for 3rd Qtr, 2007	KY DOI	KY

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
08/06/08	Humana Health Plans of Puerto Rico, Inc.	\$1,000	Failure to file the Audited Financial Statements for 2007 timely	PR DOI	PR
06/06/08	Humana Health Plan, Inc.	\$44,375	Violations in the areas of Utilization Review and Health Care Appeals, Credentialing and Contracting during healthcare insurance compliance examination	AZ DOI	AZ
06/06/08	Humana Insurance Company	\$23,625	Violations in the areas of Utilization Review and Health Care Appeals during healthcare insurance compliance examination	AZ DOI	AZ
05/29/08	Corphealth, Inc.	\$257	Failure to file license renewal application timely	AHCA	FL
05/23/08	Humana Insurance Company	\$500	Disclosure of Nonpublic Personal Health Information	KY DOI	KY
03/27/08	HumanaDental Insurance Company	\$384	Penalty and interest due to delinquent premium tax payment	TN DOI	TN
01/25/08	Humana Health Plan, Inc.	\$1,000	Failure to file Annual Certification of Advertisement Report-2006	NV DOI	NV
01/25/08	Humana Health Plan, Inc.	\$500	Failure to file Annual Quality of Health Care Report-2006	NV DOI	NV
01/25/08	Humana Health Plan, Inc.	\$500	Failure to file Quarterly List of Providers Report 2nd Quarter, 2006	NV DOI	NV
01/25/08	Humana Health Plan, Inc.	\$500	Failure to file Quarterly List of Providers Report 3rd Quarter, 2006	NV DOI	NV
01/25/08	Humana Health Plan, Inc.	\$500	Failure to file Quarterly List of Providers Report 4th Quarter, 2006	NV DOI	NV
01/25/08	Humana Insurance Company	\$500	Failure to file Annual Quality of Health Care Report-2006	NV DOI	NV
01/25/08	Humana Insurance Company	\$1,500	Failure to file Actuarial Certification for the Individual Market due March 1, 2007	NV DOI	NV
01/25/08	Humana Insurance Company	\$1,500	Failure to file additional Actuarial Information for the Individual Market due March 1, 2007	NV DOI	NV
01/25/08	Kanawha Insurance Company (Acquired Nov. 30, 2007)	\$500	Failure to file Annual Multiple Policy or Certificate Report-2006	NV DOI	NV
01/18/08	Humana Insurance Company	\$500,000	Consent Order--Accepted Medicare Part C and D enrollments from agents not properly licensed in Illinois.	IL DOI	IL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
12/07/07	Corphhealth, Inc.	\$1,000	Consent Order--Failure to report accurate statistics	CT DOI	CT
11/15/07	Humana Insurance Company	\$75,000	Accepted Medicare Part C and D enrollments from agents not properly licensed	CMS	OK
10/16/07	Humana Insurance Company	\$15,000	Consent Order #07-0846--Applied discounts on out-of-network claims for which providers were not directly contracted with Humana.	TX DOI	TX
08/16/07	Humana Insurance Company	\$500,000	Case #07-0454-DIS-Accepted Medicare Part C and D enrollments from agents not properly licensed in Oklahoma.	OK DOI	OK
05/31/07	Humana Medical Plan, Inc.	\$229,800	Case #2007004571--Due to various compliance issues (late renewal application and provider issues).	AHCA	FL
03/21/07	Humana Insurance Company Humana Health Plan, Inc. Humana Medical Plan, Inc. Humana Health Plan of Texas, Inc.	\$120,000	Failure to send ANOCs and SBs to members in a timely manner.	CMS	----
03/21/07	Humana Wisconsin Health Organization Insurance Corporation	\$3,000	DOI Case No. 06-C29999-Order of Forfeiture--Failure to comply with recommendations of 2004 Market Conduct Examination.	WI DOI	WI
03/14/07	Humana Insurance Company	\$500	Failure to respond timely to DOI inquiry	CO DOI	CO
10/20/06	Humana Insurance Company	\$50,000	Cost of Investigation for Medicare HIPAA Privacy breaches	ND DOI	ND
10/11/06	Humana Medical Plan, Inc.	\$6,900	Failure to file timely and accurate quarterly and annual grievance reports.	AHCA	FL
06/08/06	Humana Health Plan, Inc. Humana Insurance Company	\$1,000	Agent Licensing and Appointment for Medicare Products-timing	KS DOI	KS
03/24/06	Humana Insurance Company	\$1,025	Cause #06.341-Failure to file annual report for the year ending December 31, 2004	NV DOI	NV
02/15/06	Humana Insurance of Puerto Rico, Inc.	\$2,000	DOI Order #PP-03-11-02-2005--Prompt payment of claims issue	PR DOI	PR
01/09/06	Humana Health Insurance Company of Florida, Inc.	\$27,500	Consent Order #80622-05-CO--Requiring exclusionary rider for breast implants and reconstructive surgery on certain policies.	Office of Insurance Regulation	FL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
01/09/06	Humana Health Insurance Company of Florida, Inc.	\$27,500	Consent Order #83067-05-CO--Failure to adopt procedures for proper investigation of claims.	Office of Insurance Regulation	FL
12/20/05	Humana Health Plan of Ohio, Inc.	\$2,000	Consent Order--Prompt payment of claims issues for 1st Qtr. 2005.	Public Protection Cabinet, Insurance Legal Division	KY
11/10/05	Empheysys Insurance Company	\$500	Failure to file annual certification of advertisement report by due date of December 31, 2004	NV DOI	NV
11/10/05	Humana Insurance Company	\$500	Failure to file annual certification of advertisement report by due date of December 31, 2004	NV DOI	NV
11/10/05	HumanaDental Insurance Company	\$500	Failure to file annual certification of advertisement report by due date of December 31, 2004	NV DOI	NV
11/10/05	Humana Health Plan of Ohio, Inc.	\$5,000	Consent Order--Prompt payment of claims issues for 4th Qtr, 2004	Environmental & Public Protection Cabinet, Insurance Legal Division	KY
11/04/05	Humana Insurance Company	\$60,000	Case #04-C28947 Failure to provide notice of the Health Insurance Risk Sharing Plan stipulation	WI DOI	WI
12/21/04	Humana Insurance Company	\$19,000	Case #77049-04-CO--Failure to offer Converted Policy and Standard Health Plan	FL DOI	FL
11/23/04	Humana Health Insurance Company of Nevada Employers Health Insurance Company	\$12,500	Market Conduct Exam for period 07/1997-09/1999. Issues related to claims payment and processing.	NV DOI	NV
07/20/04	Humana Health Plan of Ohio, Inc.	\$5,000	Consent Order--Prompt payment of claims issues for 2nd Qtr, 2003	KY DOI	KY
07/20/04	Humana Health Plan of Ohio, Inc.	\$3,000	Consent Order--Prompt payment of claims issues for 3rd Qtr, 2003	KY DOI	KY
06/10/04	Humana Health Plan, Inc.	\$30,000	DOI complaints from 01/01--05/02; Issues related to claims timeliness and under/non-payment of interest.	IL DOI	IL
05/04/04	Humana Health Plan, Inc.	\$98,100	Market Conduct Exam for period 07/01/00--06/30/01. Issues related to provider agreements and claims issues.	KY DOI	KY
05/04/04	Humana Insurance Company	\$26,150	Market Conduct Exam for period 07/01/00--06/30/01. Issues related to benefit comparison statements and claims issues.	KY DOI	KY

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
04/26/04	Humana Health Plan, Inc.	\$92,176	Market Conduct Exam for period 04/02--09/02 Issues related to proper acknowledgement and prompt payment of claims	MO DOI	MO
04/26/04	Humana Insurance Company	\$39,035	Market Conduct Exam for period 04/02--09/02 Issues related to proper acknowledgement and prompt payment of claims	MO DOI	MO
02/10/04	EmpheSys Insurance Company	\$25,000	Consent Order No. 04-0204--Failure to offer the Basic & Catastrophic Plans to small group empl.	TX DOI	TX
01/19/04	Humana Insurance Company	\$60,000	07/01/2001-6/30/2002 Market Conduct Exam - marketing and Policy language & appeals issues.	AZ DOI	AZ
12/17/03	Humana Insurance Company of Kentucky	\$1,000	Failure to meet payment standards	KY DOI	KY
11/25/03	Humana Insurance Company	\$2,000	Market Conduct Exam--Claims processing errors	NV DOI	NV
09/22/03	Humana Insurance Company	\$13,000	Conduct Exam - Violation of claims handling & certificate language	CO DOI	CO
06/02/03	Humana Insurance Company Humana Health Plan, Inc. Humana Kansas City, Inc.	\$114,650	1999 Market Conduct Exam - claims payment issues, most notably, proper COB handling.	MO DOI	MO
05/23/03	Humana Insurance Company	\$500	Failure to file financial statement timely	NV DOI	NV
03/01/03	Humana Health Insurance Company of Florida, Inc.	\$1,000	Sales activities in provider's office	AHCA	FL
04/25/03	Humana Insurance Company Humana Health Plan of Texas, Inc.	\$50,000	Consent Order No. 03-0310--Providing agent bonus by group size, thus reducing access to small employer plans. Docket No. 454-03-1007.D	TX DOI	TX
01/29/03	Humana Insurance Company	\$5,000	Failure to pay interest on claims not paid within 30 days.	WI DOI	WI
02/11/03	Humana Medical Plan, Inc.	\$20,000	Eight individual fines of \$2,500. One for non-compliance with FS 641.495(2). The other seven for having an expired health care provider certificate.	AHCA	FL
02/13/03	Humana Insurance Company	\$1,500	Prompt Pay Act/failure to meet standards for payment of clean claims as set forth in KRS 304.99-123(2). Order #?	KY DOI	KY
12/31/02	Humana Medical Plan, Inc.	\$21,000	Medicaid marketing violation	AHCA	FL
10/21/02	Humana Insurance Company	\$1,000	Failure to meet the standards for the payment of clean claims as set forth in KRS 304.99-123(2)	KY DOI	KY

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
11/06/02	Humana Medical Plan, Inc.	\$90,000	Withdrew from counties that still had membership (\$10k per county-9 counties)	AHCA	FL
11/15/02	Humana Medical Plan, Inc.	\$25,000	Consent Order No. 63869-02-CO. Failure to pay interest on overdue claims	FL DOI	FL
10/04/02	Humana Medical Plan, Inc.	\$85,000	Case No. 62349-02-CO. Failure to adopt & implement standards for investigation of claims & failure to pay interest on late claims.	FL DOI	FL
08/15/02	Humana Insurance Company	\$7,000	Refusing to issue health coverage to eligible small employer. Consent Order #02-1053.	TX DOI	TX
07/26/02	Humana Health Plan, Inc.	\$39,000	Market Conduct Exam, claims processing & appeal correspondence - timeliness	AZ DOI	AZ
08/01/02	Humana Health Insurance of Puerto Rico, Inc. & Humana Health Plan of Puerto Rico, Inc.	\$2,000	Audit for 1995-1999. Case No. E-2000-187	PR DOI	PR
06/06/02	Humana Medical Plan & possibly Humana Health Insurance Company of Florida, Inc.	\$25,000	Consent order #43382-01-CO	FL DOI	FL
05/21/02	Humana Insurance Company	\$13,500	Targeted Market Conduct Exam. Case No. Ins-2002-00112	VA DOI	VA
04/03/02	Humana Health Insurance Company of Florida, Inc.	\$50,000	Consent Order Assignment No. 60438-02-CO. Rate filings violations. (Additional \$2K in admin costs)	FL DOI	FL
05/06/02	Humana Insurance Company (f/k/a EHI)	\$2,000	Late claims payments - violation of new laws (total \$17K in conjunction with other companies, but don't know total amount yet)	KY DOI	KY
04/03/02	Humana Medical Plan, Inc.	\$50,000	Consent Order #60555-02-CO Late claims payments (2 \$25K violations and \$2K in admin costs - not counted as fine)	FL DOI	FL
01/24/02	Humana Employers Health Plan of Georgia, Inc.	\$400,000	In violation of prompt claims payment laws	GA DOI	GA
01/07/02	Humana Insurance Company f/k/a Employers Health Insurance Company	\$25,000	Market conduct exam - improper claims practices and/or insurance code violations	IL DOI	IL
12/02/01	Employers Health Insurance Company	\$500,000	Notification to policyholders that insurance would be cancelled without final DOI approval. \$2,000 made to each employer group (78 groups) and \$344,000 to the DOI	WA DOI	WA
10/03/01	Humana Health Plan, Inc.	\$10,000	In violation of appeals laws - Health Care Appeals Examination Report outlines.	AZ DOI	AZ

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
09/06/01	Humana Insurance Company, Employers Health Insurance Company, and Humana Health Plan of Texas, Inc.	\$1,250,000	Industry compliance with new claims payment rules. Consent order 01-0840	TX DOI	TX
09/01/01	Humana Insurance Company	\$1,000	Failure to file life illustrations exhibit for plan year 1999	NV DOI	NV
09/01/01	Emphesys Insurance Company	\$1,000	Failure to file life illustrations exhibit for plan year 1999 (This fine should not have been paid - we didn't own yet)	NV DOI	NV
08/17/01	Humana Health Insurance of Puerto Rico, Inc. & Humana Health Plan of Puerto Rico, Inc.	\$3,000	Late filing of financial statements	PR DOI	PR
08/01/01	The Dental Concern, Inc.	\$8,800	Market conduct exam - claims, failure to request a hearing, records preservation	KY DOI	KY
07/10/01	Employers Health Insurance Company	\$13,000	Consent Order #01-0633, Docket No. C-01-0230. Risk Pool assessment. In future will comply with Tex Ins Code art. 21.58A & 28 Tex Admin Code 19.1712 and 19.1721.	TX DOI	TX
05/11/01	Humana Health Plan, Inc.	\$4,000	Market Conduct Exam, advertising/enrollment form/renewal forms	KY DOI	KY
04/01/01	Employers Health Insurance Company	\$10,000	Slow response to enrollees' requests for appeals.	AZ DOI	AZ
03/02/01	Employers Health Insurance Company	\$14,900	Violations set out in Case no. 00-1256-EXM/Market Conduct Exam	OK DOI	OK
02/27/01	Employers Health Insurance Company	\$35,000	Ohio Claims Review/late claims payments	OH DOI	OH
02/26/01	Humana Health Insurance Company of Florida, Inc.	\$14,000	Market Conduct Exam/adequate records, timely claims payment, claims communication, failure to pay interest on overdue claims	FL DOI	FL
02/26/01	HumanaDental Insurance Company	\$1,000	Failure to file name change within 30 days of acquisition/domestic name change	LA DOI	LA
02/15/01	Employers Health Insurance Company	\$500	Failure to respond to Commissioner complaint on time	CO DOI	CO
01/31/01	Humana Insurance Company	\$10,000	In violation of A.R.S. section 20-461, 20-2535, and 20-2536 from Health Care Appeals Audit.	AZ DOI	AZ
11/01/00	Employers Health Insurance Company	\$500	Failure to file mid-year coverage counts by 08/15/00.	UT DOI	UT

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
11/15/00	Employers Health Insurance Company	\$12,500	Market Conduct Exam - small group - revised form distribution not timely, standard plan not priced separately, terms of coverage not included with renewal notice	MD DOI	MD
09/22/00	The Dental Concern	\$16,000	Untimely renewal of certificate of authority	MD DOI	MD
09/22/00	Employers Health Insurance Company	\$7,500	Inappropriate definition of "sickness" used to deny claims for speech therapy benefits. T.I.C. art 3.70-2(G)	TX DOI	TX
09/25/00	Employers Health Insurance Company	\$500	Late response to commissioner complaint file	CO DOI	CO
04/01/00	Humana Medical Plan, Inc.	\$10,000	Late Claims Payment/Commercial & Medicaid	FL DOI & AHCA	FL
04/01/00	Humana Employers Health Plan of Georgia, Inc.	\$15,040	Late Claims Payment	GA DOI	GA
02/29/00	Humana Insurance Company	\$3,000	Fine resulting from nonresponse	OK DOI	OK
02/29/00	Humana Insurance Company	\$4,500	Fine resulting from nonresponse	OK DOI	OK
02/10/00	Humana Insurance Company	\$7,500	Fine resulting from delay in responding to a complaint	OK DOI	OK
12/31/99	Humana Insurance Company	\$1,500	Fine resulting from failure to obtain approval for individual and basic standard health benefit plans	NV/HIPAA	NV
12/31/99	Humana Insurance Company	\$1,500	Fine resulting from failure to file conversion basic and standard health benefit plans	NV/HIPAA	NV
12/20/99	Employers Health Insurance Company	\$500	Fine resulting from delay in responding	IN DOI	IN
12/16/99	Humana Insurance Company	\$1,000	Failure to respond to DOI inquiry	OK DOI	OK
12/16/99	Humana Insurance Company	\$1,000	Failure to respond to DOI inquiry	OK DOI	OK
11/18/99	Employers Health Insurance Company	\$500	Failure to respond to a complaint within 20 days	IN DOI	IN
11/17/99	Employers Health Insurance Company	\$41,750	Fines resulting from Market Conduct Examination	CO DOI	CO
09/11/99	Employers Health Insurance Company	\$500	Failure to respond to Division's inquiry letter within 20 days (missed by one day due to: CO counts date of letter as start date of 20 days, not the mailing date).	CO DOI	CO

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
09/04/99	Humana Medical Plan, Inc.	\$22,500	Fines resulting from Emergency Room claims audit	AHCA	FL
06/01/99	Humana Insurance Company	\$1,000	Failure to respond to a claims letter	OK DOI	OK
04/30/99	Services, Inc.	\$20,000	23:1194(A)(4) & revised La R.S. 23:1196(A)(6) -	LA DOI	LA
04/21/99	Humana Health Plan, Inc.	\$50,000	Fines resulting from Market Conduct Examination	IL DOI	IL
02/01/99	Humana Health Plan, Inc.	\$500	Payment of fine for late response to complaint	IN DOI	IN
02/03/99	PCA Family Health Plan of Florida	\$600	Originally due 9/15/95. Health Care facilities and providers in Florida are required to pay an annual assessment to support the planning activities of the local health councils. Fee \$150, Fine for not paying \$150. Another " " due 9/30/98 Same company & amounts (so total \$600 for both invoices.	Agency for Health Care Administration	FL
02/03/99	PCA Health Plans of Florida	\$600	Originally due 8/22/95. Health Care facilities and providers in Florida are required to pay an annual assessment to support the planning activities of the local health councils. Fee \$150, Fine for not paying \$150. Another " " due 8/27/98 Same company & amounts (so total \$600 for both invoices.	Agency for Health Care Administration	FL
01/21/99	Humana Health Plans, Inc.	\$25,000	Payment of fine for allowing an unlicensed agent to transact health insurance.	NV DOI	NV
12/08/98	Humana Insurance Company	\$500	Payment of fine for late response to complaint	OK DOI	OK
10/06/98	Employers Health Insurance Company	\$500	Failure to provide written response to complaint within the time period according to statute	CO DOI	CO
10/02/98	Employers Health Insurance Company	\$500	Payment of forfeiture for late response to claim	WI DOI	WI
10/02/98	Employers Health Insurance Company	\$500	Payment of forfeiture for late response to claim	WI DOI	WI
10/01/98	Employers Health Insurance Company	\$500	Payment of penalty for failure to provide written response to complaint within the time period according to statute	CO DOI	CO
08/04/98	Humana Health Insurance Company of Florida, Inc.	\$4,000	Payment of administrative penalty and costs for a rate dispute	FL DOI	FL
05/21/98	PCA Property & Casualty Insurance Company	\$1,000	Payment of fine for failure to timely file first quarter tax return	SC DOI	SC

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
05/13/98	Humana Health Plans of Puerto Rico, Inc.	\$1,500	Payment of fine for violating rules governing provider contracts and capitation rates, failure to receive Department of Insurance approval for premium rates, and failure to receive Department of approval for evidences of coverage and brochures distributed to subscribers.	PR DOI	PR
01/23/98	Humana Inc.	\$9,000	Payment of settlement for allegedly making unsolicited sales calls to members in Florida who are on the "no sales calls" list maintained by the Dept.	FL Dept. of Agriculture & Consumer Services	FL
01/23/98	Humana Health Plan, Inc.	\$120,000	Payment of penalty for charging a rate not approved by the KY DOI.	KY DOI	KY
01/02/98	Humana Health Plan of Texas, Inc.	\$50,000	Payment of penalty for failure to provide accessible health care, advertising in violation of Texas law, failure to comply with complaint system regulations and failure to comply with Dept. of Health examination	TX DOI	TX
01/02/98	Humana Health Plan of Texas, Inc.	\$100,000	Payment of penalty for failure to provide accessible health care, advertising in violation of Texas law, failure to comply with complaint system regulations	TX DOI	TX
12/18/97	Humana Health Plan of Texas, Inc.	\$10,000	Payment of an administrative penalty for failing to timely respond to inquiries from the Consumer Protection Division.	TX DOI	TX
12/15/97	PCA Life Insurance Company	\$850	Payment of penalty for the signing of application forms by non-authorized agents	FL DOI	FL
11/01/97	PCA	\$90,000	Payment for investigative costs and attorneys' fees re: alleged violations of the Texas Deceptive Trade Practices Act. PCA entered into Assurance of Voluntary Compliance with Texas Attorney General's Office.	TX Attorney General's Office	TX
10/31/97	PCA Property & Casualty	\$1,000	Payment of penalty fee for late filing second quarter premium tax return.	SC DOI	SC
04/09/97	Humana Health Plan, Inc.	\$1,000	Payment of penalty fee for late filing of Kansas Dept. of Insurance Complaint and Closed Claim Summary (part of annual statutory filing)	KS DOI	KS
04/09/97	Humana Kansas City, Inc.	\$1,000	Payment of penalty fee for late filing of Kansas Dept. of Insurance Complaint and Closed Claim Summary (part of annual statutory filing)	KS DOI	KS

Fines/Violations

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DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
05/01/97	HMO California	\$2,500	Payment for civil penalty assessed by California Department of Corporations, for failure of HMO California along with 80 other HMOs to notify members about their right to register complaints through a toll-free 800 telephone number.	CA Dept. of Corporations	CA
02/01/97	Humana Kansas City, Inc. Humana Health Plan, Inc. Humana Insurance Company	\$34,726	Payment of fines in connection with Missouri Market Conduct Exam matters: Non-appointment of agents; improper policy language; failure to actively market to small employers; timely processing of claims; improper payment of claims; inconsistent claims handling practices; failure to maintain COB savings bank; discounted rate paid to non-participating providers; failure to maintain documents in legible format; complaint handling procedures. \$6,066 = total for 3 companies \$28,660 = reprocessed claims all companies	MO	MO
01/23/97	Humana Health Plan, Inc.	\$2,850	Payment of fines in connection with Arizona Corrective Action Plan, Arizona Department of Insurance (filed May 2, 1997) in connection with Market Conduct Exam - timely processing of claims and payment of interest on late claims	AZ DOI	AZ
01/23/97	Humana Insurance Company	\$4,300	Payment of fines in connection with Arizona Corrective Action Plan, Arizona Department of Insurance (filed May 2, 1997) in connection with Market Conduct Exam - timely processing of claims and payment of interest on late claims. Other issues - Non-timely filing of agent listings by HIC	AZ DOI	AZ
01/10/97	Humana Group Health Plan, Inc.	\$54,000	Settlement with no admission of liability (and in lieu of penalty/fines) for alleged violations of, among others, unfair trade practices and failure to adhere to claims processing time frames, discovered during routine market conduct exam Virginia Bureau of Insurance.	VA Bureau of Insurance	VA

Fines/Violations

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DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
09/16/96	Employers Health Insurance Company	\$1,000	Payment of penalty to the Kansas Department of Insurance and execution of Consent Order, with no admission of liability, for failure to respond timely to a pre-certification request and for insurance contracts not satisfying Kansas insurance statutes (K.S.A. 40-2209) and Bulletin 1991-16 (Addendum).	KS DOI	KS
09/06/96	HMPK, Inc.	\$1,000	Payment of Investigation Fee to the Indiana Department of Insurance and execution of stipulation and consent order, with no admission of liability, for failure to obtain a certificate of authority to establish or operate a health maintenance organization.	IN DOI	IN
08/21/96	Employers Health Insurance Company	\$7,652.50	Payment of Voluntary Forfeiture Fee to Missouri Department of Insurance and execution of Stipulation and Settlement Voluntary Forfeiture and Order of Director, for advertising violations and incidental administrative record keeping violations resulting from the Market Conduct Examination and report number 1719-0595.	MO DOI	MO
03/17/96	Humana Health Plan, Inc.	\$500	Payment to the Illinois Department of Professional Regulation and execution of disciplinary consent order, with no admission of liability, for a single violation of delivering oral contraceptives to a mail order pharmacy while holding a Pharmacy license instead of a Wholesale Drug Distribution license.	IL Dept. of Professional Regulation	IL
02/26/96	Employers Health Insurance Company	\$1,250	Civil forfeiture and execution of consent order, with no admission of liability, for various claims of non-compliance including failure to properly pay interest due on some life, accident and health claims, and maintain receipts for delay letters on accident and health claims.	OK DOI	OK
02/15/96	Humana Health Insurance Company of Florida, Inc.	\$4,000	Payment and execution of Joint Stipulation and Settlement, without admission of liability, for non-compliance with requirements for optometry availability.	FL DOI	FL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
09/22/95	Humana Insurance Company	\$40,000	Payment and execution of consent order, without admission of liability, for claims of attempting to settle claims for less than the amount to which a reasonable person would have believed he was entitled and failure to pay such claims in a timely manner.	AZ DOI	AZ
08/29/95	Humana Health Plan, Inc.	\$25,000	Civil forfeiture of \$25,000 and execution of consent order, with no admission of liability, for various claims of non-compliance including unlicensed telemarketing representatives and failure to adhere to claims processing time frames in specific cases.	IL DOI	IL
08/25/94	Humana Health Plan, Inc.	\$15,000	Fined for failure to attach completed Medicare Supplement Comparison forms to the replacement insurance coverage.	KY DOI	KY
08/25/94	Humana Health Plan, Inc.	\$22,500	Fined for failure to obtain and or retain completed Medicare Supplement Comparison forms in transactions in which HHP insurance products were to replace existing coverage.	KY DOI	KY
06/01/94	Humana Insurance Company	\$100	Quarterly Premium Tax not paid on time	SC DOI	SC
05/19/94	Employers Health Insurance Company	\$12,950	Civil forfeiture of \$12,950 and execution of consent order, with no admission of liability, for various claims of non-compliance including the need for procedures whereby payment of commissions are only made to duly authorized and licensed producers, and need for reopening and payment of certain Group Major Medical Claims.	IL DOI	IL
04/06/94	Humana Insurance Company	\$125,219.43	Settlement with Texas Attorney General regarding allegations that Humana negotiated discounts with providers that were not passed along to policyholders. \$100,000 in attorney's fees & \$25,219.43 to members who had made claims between 10/1/91 and 2/8/92.	TX Attorney General's Office	TX
03/01/94	Randmark, Inc.	\$5,000	Colorado Annual Report not filed on time.	CO DOI	CO
10/19/93	Humana Insurance Company	\$4,500	Payment of administrative assessments, costs and attorney's fees as part of a Consent Order to address Florida DOI allegations that Humana Insurance Company's premium to equity ratio exceeded Florida guidelines. Humana Inc. agreed to make a \$13,000,000 capital contribution to Humana Insurance Company.	FL DOI	FL

Fines/Violations

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DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
08/01/93	Humana Health Insurance Company of Florida, Inc.	\$18,000	Books, records, investments not in state	FL DOI	FL
07/12/93	Humana Health Plan, Inc.	\$125,000	Fined for use of rates which were not filed with or approved by the Commissioner. The company states that it entered into the Agreed Order to resolve the dispute, but that the Agreed Order is not an admission of violation or liability.	KY DOI	KY
05/12/93	Humana Health Plan of Utah, Inc.	\$500	Fined for failure to pay the specified fee for the renewal filing of the certificate of authority, which resulted in an incomplete filing.	UT DOI	UT
04/01/93	Humana Medical Plan, Inc. and Humana Health Plan of Florida, Inc.	\$2,500	CPA Audit reports not filed on time	FL DOI	FL
03/01/93	Humana Health Insurance Company of Florida, Inc.	\$17,000	Certificate of Compliance of advertising not filed	FL DOI	FL
07/06/92	Humana Health Plan of Washington, Inc.	\$50	Fined for failure to pay the specified regulatory operating fee on a timely basis.	WA DOI	WA
03/16/92	Humana Health Plan, Inc.	\$1,000	Fined for the unintentional violation of KRS 304.9-425 in that the company advanced an agent override payments based on sales prior to the time he was licensed to be set-off with post-licensure override commissions properly earned. The company declined to contest said charged violation of the Kentucky Insurance Code.	KY DOI	KY
03/01/92	Humana Insurance Company	\$725	Arizona - diskette not filed with Annual Statement	AZ DOI	AZ
07/21/91	Humana Health Plan, Inc.	\$100	Fined for failure to timely file notification of the dividend payment made in the first quarter of 1991.	IL DOI	IL
07/15/91	Humana Health Plan, Inc.	\$100	Fined for failure to timely file notification of the dividend payment made in 1990.	IL DOI	IL
07/01/90	Humana Kansas City, Inc. (formerly Prime Health Kansas City, Inc.)	\$500	Fined for failure to render a timely and accurate report on the Quality Assurance statutes. The issue was not that we provided inappropriate care, but rather that our response was not timely or accurate.	KS DOI	KS
03/23/90	Humana Health Insurance Company of Nevada, Inc.	\$41,366	Fined for incorrect paying of claims.	NV DOI	NV
03/01/90	Humana Health Plan	\$1,100	Only one copy of IL Annual Statement filed; two are required.	IL DOI	IL

Fines/Violations

Attachment C

DATE	COMPANY	AMOUNT	REASON FOR FINE/PENALTY/ASSESSMENT	REGULATORY AUTHORITY	STATE INVOLVED
02/01/90	Humana Insurance Company	\$7,500	To resolve the Illinois Department of Insurance allegation that the company failed to timely file a 1987 report required by Section 144.2 of the Illinois Insurance Code.	IL DOI	IL
06/22/89	Humana Health Insurance Company of Florida, Inc.	\$5,000	To resolve the Florida Department of Insurance allegations that Medicare Supplement Advertising used by the company in the Fall of 1987, was in violation of certain Department of Insurance statutes.	FL DOI	FL
04/20/89	Humana Insurance Company	\$12,000	For failure to acknowledge receipt of claims received in 1985 and 1986, within the time period allowed by the Arizona Department of Insurance regulations.	AZ DOI	AZ
07/26/88	Humana Health Insurance of Nevada, Inc.	\$50,000	Fined for failure to state that Humana Health Insurance of Nevada, Inc. was a holding company; and, did not maintain books and records in the state.	NV DOI	NV
02/29/88	Humana Insurance Company	\$100	Fined for failing to submit the required Delaware Discrimination Questionnaire Bulletin 87-4 on a timely basis.	DE DOI	DE
10/14/87	Humana Insurance Company	\$2,000	Fined for failing to pay the 1987 Fraud Assessment and failing to pay on a timely basis the same assessment in 1986.	NV DOI	NV
09/15/87	Humana Medical Plan of Nevada, Inc.	\$200	Fined for failing to pay the 1987 Fraud Assessment.	NV DOI	NV
03/18/86	Humana Health Plan, Inc.	\$2,500	Fined for advertising and enlargement of its service area without obtaining prior approval of the advertisement from the Commissioner of Insurance.	KY DOI	KY
03/18/86	Humana Health Plan, Inc.	\$2,500	Fined for distributing multiple gifts to prospective enrollees which exceeded \$1 in value in the aggregate in violation of KRS 304.12-110.	KY DOI	KY
06/20/85	Humana Health Plan, Inc.	\$1,000	Fined for broadcasting a television advertisement without obtaining prior approval of advertisement from the Commissioner of Insurance.	KY DOI	KY
03/13/85	Humana Health Plan, Inc. (Formerly Humana Health Plan of Kentucky, Inc.)	\$500	Fined for selling an HMO policy through a licensed insurance agent who did not have the required license to sell HMO coverage.	KY DOI	KY
06/25/85	Humana Insurance Company (Formerly Commercial State Life Insurance Company)	\$1,000	Fined for misleading advertising in the use of company and product names.	WA DOI	WA

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

BIOGRAPHICAL AFFIDAVIT
Supplemental Personal Information

(Print or Type)

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority.

Full Name, Address, and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names).

HumSol, Inc.

500 West Main Street

Louisville, KY 40202

1. Affiant's Full Name (Initials Not Acceptable). Joseph Christopher Ventura

2. Have you ever used any other name including nickname, maiden name or aliases? NO If yes, give the reason if any, if none indicate such, and provide the full name(s) and date(s) used.

<u>Beginning/Ending Date(s) Used (MM/YY)</u>	<u>Name(s)</u>	<u>Reason (If None, indicate such)</u>
<u>NONE -</u>	<u></u>	<u></u>
<u>-</u>	<u></u>	<u></u>

Note: Dates provided in response to this question may be approximate. Parties using this form understand that there could be an overlap of dates when transitioning from one name to another.

3. Affiant's Social Security Number [REDACTED]

4. Government Identification Number if not a U.S. Citizen NONE

5. Foreign Student ID# (if applicable) N/A

6. Date of Birth: (MM/DD/YY) [REDACTED] Place of Birth: City New Bedford
State/Province MA Country USA

7. Name of Affiant's Spouse (if applicable) Brook Clark Ventura

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

8. List your residences for the last ten (10) years starting with your current address, giving:

Beginning/Ending

<u>Dates</u> (MM/YY)	<u>Address</u>	<u>City</u>	<u>State/</u> <u>Province</u>	<u>Country</u>	<u>Postal Code</u>
01/09-Present	[REDACTED]	[REDACTED]	KY	USA	40207
08/06-12/08	[REDACTED]	[REDACTED]	NY	USA	10001
08/03-08/06	[REDACTED]	[REDACTED]	NY	USA	10024
08/01-08/03	[REDACTED]	[REDACTED]	VA	USA	22903
08/00-08/01	[REDACTED]	[REDACTED]	VA	USA	22903

Note: Dates provided in response to this question may be approximate, except for current address. Parties using this form understand that there could be an overlap of dates when transitioning from one address to another.

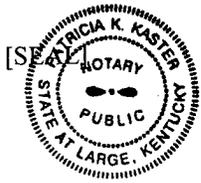
Dated and signed this 12th day of Sept, 2011 at Louisville, KY I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.

[Signature]
(Signature of Affiant)

State of Kentucky County of Jefferson

The foregoing instrument was acknowledged before me this 12th day of Sept, 2011 By Joseph C. Ventura, and:

- who is personally known to me, or
- who produced the following identification: _____



Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012

Patricia K. Kaster
Notary Public

Printed Notary Name

My Commission Expires

Applicant Name (Company) HumSol, Inc.

NAIC No. 0119-

FEIN: 45-3023344

DISCLOSURE AND AUTHORIZATION CONCERNING BACKGROUND REPORTS (*All states except California, Minnesota and Oklahoma*)

This Disclosure and Authorization is provided to you in connection with pending or future application(s) of HumSol, Inc. ("Company") for licensure or a permit to organize ("Application") with a department of insurance in one or more states within the United States. Company desires to procure a consumer or investigative consumer report (or both) ("Background Reports") regarding your background for review by a department of insurance in any state where Company pursues an Application during the term of your functioning as, or seeking to function as, an officer, member of the board of directors or other management representative ("Affiant") of Company or of any business entities affiliated with Company ("Term of Affiliation") for which a Background Report is required by a department of insurance reviewing any Application. Background Reports requested pursuant to your authorization below may contain information bearing on your character, general reputation, personal characteristics, mode of living and credit standing. The purpose of such Background Reports will be to evaluate the Application and your background as it pertains thereto. To the extent required by law, the Background Reports procured under this Disclosure and Authorization will be maintained as confidential.

You may obtain copies of any Background Reports about you from the consumer reporting agency ("CRA") that produces them. You may also request more information about the nature and scope of such reports by submitting a written request to Company. To obtain contact information regarding CRA or to submit a written request for more information, contact Joan O. Lenahan, Vice President and Corporate Secretary, 500 West Main Street, 27th Floor, Louisville, KY 40202, 502-580-3778.

Attached for your information is a "Summary of Your Rights Under the Fair Credit Reporting Act."

AUTHORIZATION: I am currently an Affiant of Company as defined above. I have read and understand the above Disclosure and by my signature below, I consent to the release of Background Reports to a department of insurance in any state where Company files or intends to file an Application, and to the Company, for purposes of investigating and reviewing such Application and my status as an Affiant. I authorize all third parties who are asked to provide information concerning me to cooperate fully by providing the requested information to CRA retained by Company for purposes of the foregoing Background Reports, except records that have been erased or expunged in accordance with law.

I understand that I may revoke this Authorization at any time by delivering a written revocation to Company and that Company will, in that event, forward such revocation promptly to any CRA that either prepared or is preparing Background Reports under this Disclosure and Authorization. This Authorization shall remain in full force and effect until the earlier of (i) the expiration of the Term of Affiliation, (ii) written revocation as described above, or (iii) twelve (12) months following the date of my signature below.

A true copy of this Disclosure and Authorization shall be valid and have the same force and effect as the signed original.

Joseph Christopher Ventura, [REDACTED] KY 40207

(Printed Full Name and Residence Address)

[Signature]
(Signature)

Sept 12, 2011
(Date)

State of Kentucky County of Jefferson

The foregoing instrument was acknowledged before me this 12th day of Sept, 2011 By Joseph C. Ventura, and:

- who is personally known to me, or
- who produced the following identification: _____

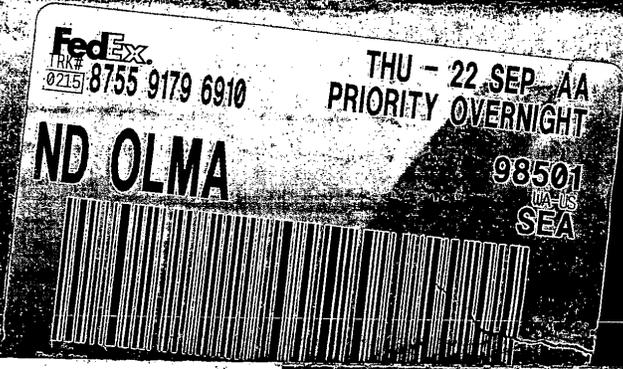


Patricia K. Kaster
NOTARY PUBLIC
State at Large
Kentucky
My Commission Expires
April 21, 2012

Patricia K. Kaster
Notary Public

Printed Notary Name

My Commission Expires



57
200

FedEx NEW Package Express **US Airbill** Tracking Number **8755 9179 6910**

RECIPIENT: PEEL HERE

1 From - This portion can be removed for Recipient's records.
 Date 9-22-11 FedEx Tracking Number 875591796910
 Sender's Name Erico Preston Esq. Phone 414 345-2700
 Company SQUIRE SANDERS & DEMPSEY LLP
 Address 41 S HIGH ST STE 2000 Dept./Floor/Suite/Room
 City COLUMBUS State OH ZIP 43215-6101

2 Your Internal Billing Reference 094832.D.61690

3 To
 Recipient's Name Roni Pastuch Phone 360 725-7211
 Company Office of the Insurance Commissioner

Address 5000 Capital Blvd. Dept./Floor/Suite/Room
 We cannot deliver to P.O. boxes or P.O. ZIP codes.
 Address TUMWATER WA 98501 HOLD Saturday
 Use this line for the HOLD location address or for continuation of your shipping address. REQUIRED. Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.
 City Tumwater State WA ZIP 98501

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4 Express Package Service ** To most locations. ** Packages up to 150 lbs. For packages over 150 lbs. use the new FedEx Express Freight US Airbill.
 NOTE: Service order has changed! Please select carefully!
Next Business Day
 FedEx First Overnight (Earliest next business morning delivery to select locations. Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.)
 FedEx Priority Overnight (Next business morning. Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.)
 FedEx Standard Overnight (Next business afternoon. Saturday Delivery NOT available.)
2 or 3 Business Days
 NEW FedEx 2Day AIM (Second business morning. Saturday Delivery NOT available.)
 FedEx 2Day (Second business morning. Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.)
 FedEx Express Saver (Third business day. Saturday Delivery NOT available.)

5 Packaging * Declared value limit \$500.
 FedEx Envelope* FedEx Pak* FedEx Box FedEx Tube Other

6 Special Handling and Delivery Signature Options
 SATURDAY Delivery (NOT available for FedEx Standard Overnight, FedEx 2Day A.M., or FedEx Express Saver.)
 No Signature Required (Package may be left without obtaining a signature for delivery.)
 Direct Signature (Someone at recipient's address may sign for delivery. Fee applies.)
 Indirect Signature (If no one is available at recipient's address, someone at a neighboring address may sign for delivery. Fee applies. Residential deliveries only. Fee applies.)

Does this shipment contain dangerous goods?
 One box must be checked.
 No Yes (See attached Shipper's Declaration.) Yes (Shipper's Declaration not required.) Dry Ice (Dry Ice 3, UN 1845) No
 Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or placed in a FedEx Express Drop Box. Cargo Aircraft Only

7 Payment Bill to: Enter FedEx Acct. No. or Credit Card No. below. Obtain recip. Acct. No.
 Sender Acct. No. in Section 7 will be billed. Recipient Third Party Credit Card Cash/Check

Total Packages 1 Total Weight 10 lbs. Credit Card Acct. [REDACTED]

*Our liability is limited to \$100 unless you declare a higher value. See the current FedEx Service Guide for details.

611