BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE PROPOSED PROPOSED ACQUISITION OR CHANGE IN CONTROL OF ARKANSAS COMMUNITY CARE, INC., NAIC # 12282, BY APPLICANTS, HUMANA INC. AND HUMSOL, INC.

A.I.D. NO. 2011- 164

ORDER

On November 10, 2011 at 1:00 p.m., in the Hearing Room of the Arkansas Insurance Department (the "Department"), in accordance with the provisions of Ark. Code Ann. §§ 23-61-109, 23-61-303, 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code, a public hearing was held regarding the acquisition of control of Arkansas Community Care, Inc. ("ACC") by the Applicants, Humana Inc. and Humsol, Inc. (collectively "Applicants") The Statement Regarding the Acquisition of Control of a Domestic Insurer or HMO (the "Acquisition Statement") was filed by the Applicants on or about September 26, 2011. The hearing was held before Lenita Blasingame, Hearing Officer, as designated by the Insurance Commissioner for the State of Arkansas ("Commissioner"). The Department was represented by Ms. Amanda Capps Rose, Associate Counsel, and Ms. Brenda Haggard, Manager of Financial Analysis. Present on behalf of ACC was its counsel, Mitchell, Williams, Selig, Gates and Woodyard PLLC. Representing the Applicants were Joseph C. Ventura, Gary Goldstein, Christian Patterson and its outside counsel, Squire, Sanders & Dempsey (US) LLP.

FINDINGS OF FACT

From the Acquisition Statement, testimony of witnesses, and other evidence presented at the hearing, including exhibits filed in connection therewith, reports and statements on file with the Department, representations of counsel, and other matters and things considered, the Commissioner finds that:

1. ACC is an Arkansas domiciled health maintenance organization, NAIC No. 12282.

2. All persons attending the hearing were provided the opportunity to present evidence, examine witnesses, and/or offer argument or objection. Applicants presented evidence and argument through counsel and through the testimony of the representatives of the Applicants.

3. Representatives of the Applicants testified that no director, officer, agent or employee of ACC received any fee, commission, compensation or other valuable consideration whatsoever for in any manner acting, promoting or assisting the proposed acquisition of ACC by the Applicants.

4. Representatives of the Applicants testified that, in their opinion:

(a) The acquisition of ACC did not violate any law;

(b) The acquisition of ACC was not inequitable to ACC's shareholders;

(c) The acquisition of ACC did not substantially reduce the security of and service rendered to ACC's policyholders;

(d) After the change of control, ACC will be able to satisfy the requirements for the issuance of a license to write the line(s) of business for which it is presently licensed;

(e) The effect of the acquisition will not substantially lessen competition in insurance in Arkansas or tend to create a monopoly in Arkansas;

(f) The financial condition of the Applicants will not jeopardize the financial stability of the insurer or prejudice the interest of its policyholders or the interests of any remaining security holders who are affiliated with the Applicants;

(g) The terms of the acquisition are fair and reasonable to the security holders of ACC;

(h) Any plans or proposals which the Applicants have to liquidate ACC, sell its assets, or consolidate or merge it with any person, or make any other material change in its business or corporate structure or management are reasonable and fair to policyholders of ACC and are in the public interest; and

(i) The competence, experience and integrity of those persons who would control the operation of ACC are such that it would be in the interest of policyholders of ACC and the public to permit the acquisition of control.

5. The Applicants, Humana Inc. and its merger subsidiary Humsol, Inc., are both located at 500 West Main Street, Louisville, Kentucky 40202 and are both incorporated as Delaware corporations.

6. No objections were made at the hearing or otherwise to the proposed acquisition of ACC by the Applicants.

7. Testimony indicated that the anticipated closing date for the acquisition of ACC is three days after satisfaction of all closing conditions.

CONCLUSIONS OF LAW

Based upon the foregoing Findings of Fact, the Commissioner concludes as follows:

1. That the Commissioner has jurisdiction over the parties and the subject matter herein.

2. That the acquisition of control would not tend to adversely affect the contractual obligations of ACC or its ability to render service in the future to its policyholders and the public.

3. That the effect of the acquisition of control of ACC would not substantially lessen competition in any line of insurance business in any section of the State of Arkansas or tend to create a monopoly therein.

4. That the acquisition of control of ACC will not jeopardize the financial stability of ACC or prejudice the interests of their policyholders. Therefore, the acquisitions should be approved.

5. That, other than as described in the Acquisition Statement, neither Applicant has any plans or proposals to liquidate ACC, sell its assets or consolidate or merger its assets with any person, or to make any other material change in the business, corporate structure, or management of ACC.

6. That the plans or proposals of the Applicants with respect to ACC as set forth in the Acquisition Statement, and as presented at the hearing, are fair and reasonable to policyholders of ACC and in the public interest.

7. That the competence, experience, and integrity of those persons who would control the operations of ACC are such that the acquisition of control would not tend to adversely affect the general capacity or intention of ACC to transact the business of a health maintenance organization in a safe and prudent manner.

8. That the Acquisition Statement submitted by the Applicants is substantially complete.

NOW, THEREFORE, IT IS ORDERED AS FOLLOWS:

1. The acquisition of control of ACC by the Applicants is hereby APPROVED.

2. The acquisition of control of ACC by the Applicants, as described in the Acquisition Statement and exhibits thereto, is hereby APPROVED. However, should the Commissioner have any concerns upon receipt by the Department of third party background checks, in a form acceptable to the Department, on all executive officers and directors requiring a third party background check in connection with this acquisition, the Applicants and ACC agree to address those concerns in a prompt and reasonable manner.

It is so ORDERED this 14th day of November, 2011.

Jay Bradford

JAY BRADFORD
ARKANSAS INSURANCE COMMISSIONER

LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

December 6, 2011

Gary P. Timin
Squire, Sanders, & Dempsey (US) LLP
c/o Humana Inc.
200 South Biscayne Boulevard, Suite 4100
Miami, FL 33131

RE: Humana Inc. - Acquisition of Arcadian Management Services, Inc.
Arcadian Health Plan of Louisiana, Inc.

Dear Mr. Timin:

Enclosed is an order of approval for the above captioned companies and is hereby approved effective November 11, 2011.

Immediately upon consummation of this transaction notice of such consummation must be filed with this Department.

Should you have any questions please feel free to contact Terry Stubbs at (225)219-4318 or via email at **tstubnbs@ldi.state.la.us**

Sincerely,

Barry Ward
Deputy Commissioner, Licensing & Compliance

P. O. BOX 94214 • BATON ROUGE, LOUISIANA 70804-9214
PHONE (225) 342-5900 • FAX (225) 342-3078
http://www.ldi.la.gov

BEFORE THE COMMISSIONER OF INSURANCE

LOUISIANA DEPARTMENT OF INSURANCE

STATE OF LOUISIANA

IN THE MATTER OF THE ACQUISITION AND MERGER OF	* * *	
ARCADIAN HEALTH PLAN OF LOUISIANA, INC.	* * *	STATE OF LOUISIANA
BY	* *	
HUMANA, INC. AND HUMSOL, INC.	* *	

ORDER

WHEREAS on October 11, 2011, Humana, Inc. and its wholly owned Subsidiary, Humsol, Inc. ("Applicants") filed with the Louisiana Department of Insurance (the "Department") a Form A Application ("Form A"), as amended, concerning the proposed acquisition of control and merger of a domestic insurer, Arcadian Health Plan of Louisiana, Inc.

WHEREAS the Applicants also delivered a copy of the Form A, with all amendments and supplements thereto, to the Insurers in compliance with LSA-R.S. 22:694A;

WHEREAS the Applicants have satisfied all filing requirements for the acquisition of control of and merger of domestic insurers, Arcadian Health Plan of Louisiana Inc., as set forth in LSA-R.S. 22:694B;

WHEREAS as of this writing, there are no outstanding issues relating to the proposed acquisition of control of Arcadian Health Plan of Louisiana, Inc., by Applicants;

WHEREAS a written Notice of Public Hearing was issued to the Applicants by the Department which stated that a Public Hearing in this matter would be convened on December 5, 2011 at 10:00 a.m. in the Poydras Hearing Room, Louisiana Department of Insurance (Poydras

Building), 1702 North Third Street, Baton Rouge, Louisiana 70802; said hearing was duly advertised in newspapers of general circulation;

WHEREAS Applicants waived the hearing, the notice of hearing and their appearance at hearing and requested this matter be submitted based on the files submitted to the Louisiana Department of Insurance;

WHEREAS the Department has not received any oral or written comments from the public relative to the acquisition or merger;

WHEREAS the undersigned has received the REPORT AND RECOMMENDATIONS OF HEARING OFFICER ON PUBLIC HEARING REGARDING ACQUISITION OF CONTROL AND MERGER dated November 30, 2011, establishing that the Applicants have satisfied the regulatory requirements set forth at LSA-R.S. 22:694.D for the acquisition of control of and merger with, Arcadian Health Plan of Louisiana, Inc.; and

WHEREAS the undersigned has received a ROUTING FORM CONTAINING THE RECOMMENDATION AND APPROVAL OF SAID MERGER AND ACQUISITION from the duly authorized representatives of various divisions within the Department of Insurance.

IT IS HEREBY ORDERED that the request for approval of the acquisition of control of ARCADIAN HEALTH PLAN OF LOUISIANA, INC. by HUMANA, INC., and its wholly owned subsidiary HUMSOL, INC., be and is hereby **GRANTED AND APPROVED.**

Said approval is contingent on the finding of no adverse information at the hearing scheduled for December 5, 2011.

Baton Rouge, Louisiana, this 30th day of November 2011.

BARRY E. WARD
DEPUTY COMMISSIONER OF INSURANCE
OFFICE OF COMPANY LICENSING
LOUISIANA DEPARTMENT OF INSURANCE

No. **11-0897** ***OFFICIAL ORDER***

of the

COMMISSIONER OF INSURANCE

of the

STATE OF TEXAS

AUSTIN, TEXAS

Date NOV 15 2011

Subject Considered:

ACQUISITION OF
ARCADIAN HEALTH PLAN, INC.
Spokane, Washington
by
HUMANA INC. AND HUMSOL, INC.
Delaware corporations

HCS No. 40117

General remarks and official action taken:
The Commissioner of Insurance has considered the application of Humana Inc. ("Humana"), a Delaware corporation, and Humsol, Inc. ("Humsol"), a Delaware corporation, collectively ("APPLICANT"), for approval of its acquisition of control of ARCADIAN HEALTH PLAN, INC., Spokane, Washington, commercially domiciled in Texas ("INSURER").

JURISDICTION

The Commissioner has jurisdiction over the application pursuant to TEX. INS. CODE § 823.157 and 28 TEX. ADMIN. CODE § 7.205.

FINDINGS OF FACT

Based upon the information submitted to and reviewed by Texas Department of Insurance staff, the Commissioner of Insurance makes the following Findings of Fact.

1. Humana, a Delaware corporation, is the ultimate parent corporation of an insurance holding company system. Humsol, a Delaware corporation, is a wholly owned subsidiary of Humana formed solely to facilitate the Acquisition transaction and will be merged out of existence at Closing.

2. INSURER, domiciled in Spokane, Washington, is a commercially domiciled health maintenance organization authorized in the State of Texas pursuant to the provisions of Section 823.004 and Chapter 843 of the Texas Insurance Code.

3. The proposed acquisition plan of APPLICANT provides for Humsol to merge with and into Arcadian Management Services, Inc. ("Arcadian Management"), INSURER's parent, with Arcadian Management being the Surviving Corporation. Humsol will cease, and Arcadian Management will assume all assets and liabilities of Humsol and continue as the Surviving Corporation.

4. The acquisition purchase price will be $150 million, plus or minus, the Estimated Value minus Reference Value which will be funded by APPLICANT.

5. After the change of control, the present officers and directors of INSURER will be replaced with the officers and directors of APPLICANT, as follows:

CEO and Director	Michael B. McCallister
CFO, Treasurer, and Director	James H. Bloem
Corporate Secretary	Joan O. Lenahan
Director	James E. Murray

6. After the change of control, APPLICANT intends to operate INSURER as a wholly-owned Medicare Advantage-Prescription Drug plan health maintenance organization.

7. APPLICANT has represented that APPLICANT's and INSURER's privacy policies and procedures will remain in compliance with the Gramm-Leach-Bliley Act and applicable state statutes and regulations.

8. No evidence was presented that immediately upon the change of control INSURER would not be able to satisfy the requirements for the issuance of a new certificate of authority or a license to write the line or lines of insurance for which it is presently licensed.

9. No evidence was presented that the effect of such acquisition of control would be to substantially lessen competition in any line or sub-classification lines of insurance in this State or tend to create a monopoly therein.

10. No evidence was presented that the financial condition of APPLICANT is such as might jeopardize the financial stability of INSURER or prejudice the interest of its policyholders.

11. No evidence was presented that the APPLICANT has any plans or proposals to liquidate INSURER, cause it to declare dividends, or make other distributions, sell any of its assets, consolidate or merge it with any person, or make any material change in its

business or corporate structure or management, or cause it to enter into material agreements, arrangements, or transactions of any kind with any party that are unfair, prejudicial, hazardous or unreasonable to the policyholders of INSURER with disregard to the public interest.

12. No evidence was presented that the competence, trustworthiness, experience and integrity of those persons who would control the operations of INSURER are such that it would not be in the interest of the policyholders of INSURER and of the public to permit the acquisition of control.

13. No evidence was presented that the acquisition of control would violate any laws of this State, any other state, or the United States.

CONCLUSIONS OF LAW

Based upon the foregoing Findings of Fact, the Commissioner of Insurance makes the following Conclusions of Law.

1. The Commissioner of Insurance has authority and jurisdiction over this application for approval of acquisition of control pursuant to TEX. INS. CODE § 823.157.

2. APPLICANT's proposed acquisition of control of 100% of the issued and outstanding common capital stock of Arcadian Management constitutes a change of control of INSURER under the provisions of TEX. INS. CODE §§ 823.151 and 823.154.

3. No evidence was presented that any of the events or conditions listed in TEX. INS. CODE § 823.157, would occur or exist after the acquisition of control.

4. No evidence was presented upon which the Commissioner could predicate a denial of the acquisition of control under TEX. INS. CODE § 823.157.

5. APPLICANT's application for acquisition of control of INSURER should be approved.

11-0897

THEREFORE, the Commissioner of Insurance ORDERS that the acquisition of control of ARCADIAN HEALTH PLAN, INC., Spokane, Washington, commercially domiciled in Texas, by Humana Inc. and Humsol, Inc., is approved.

ELEANOR KITZMAN
COMMISSIONER OF INSURANCE

BY: Danny Saenz

DANNY SAENZ, CFE
DEPUTY COMMISSIONER
FINANCIAL REGULATION DIVISION
COMMISSIONER'S ORDER 10-1088

RECOMMENDED BY:

Jodi Rider

JODI RIDER, ANALYST
FINANCIAL ANALYSIS

REVIEWED BY:

Teresa Saldaña for D.S.

DOUG SLAPE, CHIEF ANALYST
FINANCIAL ANALYSIS

REVIEWED BY:

ALFONSO CABAÑAS, STAFF ATTORNEY
OFFICE OF FINANCIAL COUNSEL
LEGAL SECTION
GENERAL COUNSEL DIVISION

OFFICE OF COMMISSIONER OF INSURANCE
STATE OF GEORGIA

IN THE MATTER OF: **ACQUISITION OF CONTROL OF ARCADIAN HEALTH PLAN OF GEORGIA, INC., A SUBSIDIARY OF ARCADIAN MANAGEMENT SERVICES, INC.** **Domestic Insurer** **By:** **HUMANA INC.** **and its wholly owned subsidiary** **HUMSOL, INC.** **Applicant**	**CASE NUMBER 11007326**

ORDER

On September 26, 2011, Humana Inc. ("Humana") together with its subsidiary Humsol, Inc. ("Humsol" and together with Humana, the "Applicants") filed with the Georgia Insurance Department (the "Department") a Form A Statement (the "Form A," Joint Exhibit J-1) concerning their proposed acquisition of control of or merger with a domestic insurer, or more precisely the merger of Humsol with Arcadian Management Services, Inc. ("Arcadian Management"), the parent company of Arcadian Health Plan of Georgia, Inc., an HMO. ("Arcadian Georgia" or the "Insurer"). Collectively, Arcadian Management and Arcadian Georgia are referred to herein as "Domestic Insurers."

The Applicants delivered a copy of the Form A, including all exhibits thereto, to both the Insurer and its holding company, Arcadian Management., in compliance with O.C.G.A. § 33-13-3(a)(1)&(d). Subsequently, the Department on several occasions requested additional information and documents from the Applicants. (Joint Exhibits J-2 through J-8.) In each instance, the Applicants filed the requested additional information and documents with the Department, and the Applicants delivered copies of those materials to the Insurer and Arcadian Management. On November 7, 2011, the Commissioner of Insurance of the State of Georgia (the "Commissioner"), acting through the Administrative Procedure Division of the Department, issued to the Applicants a written Notice of Public Hearing (the "Notice"), which stated that a public hearing in this matter would be convened by the Commissioner at 9:00 a.m. on Friday, November 18, 2011, in the Department's Hearing Room (the "Public Hearing").

In accordance with such Notice, the Public Hearing regarding the proposed transaction was convened before the Commissioner at the scheduled time, date, and place. At the Public Hearing, the Applicants and the Regulatory Services Division of the Office of Commissioner of Insurance of the State of Georgia ("Regulatory Services") appeared to present evidence, including extensive documentary exhibits that were offered and introduced without objection and affidavits of individuals with knowledge of the proposed transactions, and to examine witnesses. After that point, the Commissioner closed the Public Hearing but held the record in this matter open for the receipt of certain documents. Said documents were submitted via a consent order dated December 15, 2011, which order also closed the record in this matter.

A proper transcript (the "Transcript") of the Public Hearing now having been received, no further information appears necessary to make a decision on this matter. After consideration of the record as whole, the substantial evidence of the Public Hearing and of the Form A, the record supports the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1.

The Applicants have complied with all procedural requirements of O.C.G.A. § 33-13-3 in connection with their application for approval of a change of control of the Insurer. The Notice was received by the Applicants on November 7, 2011, which Notice scheduled a public hearing in this matter for 9:00 a.m. on November 18, 2011. (Joint Exhibit J-9; Joint Exhibit J-13, Sanders Affidavit, p. 3; Joint Exhibit J-11, Lenahan Affidavit, ¶ 8.) The Applicants expressly waived any longer notice of the Public Hearing that might otherwise be required. (Joint Exhibit J-14; Transcript at pp. 8, 16.) On November 7, 2011, the Insurer received a copy of the Notice from the Applicants. (Joint Exhibit J-11, Lenahan Affidavit ¶ 8; Joint Exhibit J-12 ¶ 6.)

The Insurer received from the Applicants the Form A as well as all other materials filed with the Department by the Applicants in connection with the Form A and the Public Hearing. On November 8, 2011, the Insurer mailed or sent by other delivery service to all of its securityholders a copy of the Notice of Public Hearing and a one-page summary of the Applicants' proposed acquisition of control of the Insurer. These materials, together with several affidavits of mailing, were filed with the Department. (Joint Exhibits J-8 and J-10.) Further, the Applicants caused the Notice of Public Hearing to be published in the *Fulton County Daily Report*, a legal organ having general statewide circulation in the State of Georgia. The Notice of Public Hearing was published for five consecutive weekdays before the Public Hearing and identified the Public Hearing date. (Joint Exhibit J-15.) Moreover, the Department posted notice of the hearing on its website continuously from November 7, 2011, through November 18, 2011. Copies of non-confidential materials from the Form A and related materials were also posted on the Department website during said period of time.

The Insurer agreed to pay the costs of its mailing of the Notice and one-page summary of the transaction to its shareholders and other securityholders and to waive its rights to obtain reimbursement of those costs by the Applicants. At the time of that mailing, Humana delivered to the Department a check in the amount of $2,000.00 as security for its obligation, if not waived, to reimburse the Insurer for its costs of that mailing. (Joint Exhibit J-14.) Because the Insurer waived its right to any reimbursement of those costs, at the Public Hearing the Department refunded such deposit in full to Humana. (Transcript at pp. 8-9.)

2.

Pursuant to the Agreement and Plan of Merger dated as of August 24, 2011 (the "Merger Agreement") between the Applicants, the Insurer, Arcadian Management, and certain shareholders of Arcadian Management, in exchange for the consideration described below, and subject to all terms and conditions of the Merger Agreement, the Applicants will acquire control of Arcadian Georgia upon consummation of the transactions for which the Merger Agreement provides.

According to the terms of the Merger Agreement, Humsol will merge with and into Arcadian Management, with Arcadian Management being the surviving corporation. The separate corporate existence of Humsol will cease, and Arcadian Management 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 closing of the transactions that the Merger Agreements contemplates (the "Closing") will be converted into one (1) fully paid and non-assessable share of common stock of Arcadian Management 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 Management. 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.

At Closing, Humana will pay the purchase price in cash to acquire all issued and outstanding capital stock of Arcadian Management. The purchase price will equal $150.0 million, plus or minus a post-Closing adjustment 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 the Merger Agreement defines those terms, as determined by Arcadian Management at or around the Closing, based on certain reconciliations, claims payments, recoveries and other specified events using September 30, 2012, as the cut-off date.

At Closing, the adjusted purchase price will be allocated as follows: (i) $25.5 million will be placed into an Escrow Account pursuant to an Escrow Agreement; (ii) approximately $85.3 million, plus accrued interest and any penalties payable, will be used to satisfy and retire certain indebtedness of Arcadian Management at Closing; (iii) $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 (iv) the balance will be paid to the holders of capital stock of Arcadian Management.

At Closing, all issued and outstanding capital stock of Arcadian Management 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 Management, all of which will be owned by Humana. The Closing is to take place on the third (3^{rd}) 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 may so agree.

Pursuant to the Agreement, Humana Inc. will, upon consummation of the transactions that the Merger Agreement contemplates, indirectly control the Insurer within the meaning of Chapter 13 of Title 33 of the Official Code of Georgia Annotated (the "Georgia Insurance Code").

3.

The Form A and other evidence of record submitted by the Applicants indicates that the Insurer's present board of directors will be replaced soon after closing by persons who are associated with the Applicants. Following consummation of the transactions that the Merger Agreement contemplates and election of new directors of the Insurer by Arcadian Management as sole shareholder, the Insurer will have three (3) directors, all of whom will be citizens of the United States, at least one-fourth of whom will be residents of the State of Georgia, and at least one-third of whom will be public members within the meaning of GA. Comp. Rules & Regs. § 120-2-33-.03(2)(f). Joint Exhibit J-11, Lenahan Affidavit ¶ 36 & Amended Exhibit C thereto.

The Insurer's principal place of business is located in the State of Georgia at 3920 Arkwright Road, Suite 200, Macon, Georgia 31210. At that office, secure access is readily available to the records of the Insurer's assets, transactions, and affairs through one or more computer terminals that are connected to Arcadian Management's main computer servers in its offices in California. After the proposed acquisition of control, the Insurer's principal place of business will continue to be located in the State of Georgia at the same address, and records relating to its assets, transactions, and affairs will continue to be available at that address in the manner just specified.

O.C.G.A. §§ 33-3-6 and 33-3-7 require that the minimum capital and surplus for a domestic HMO to be licensed and to transact business in the State of Georgia are $ 1.5 million in capital and $ 1.5 million in surplus, for a combined total of not less than $ 3.0 million. The Insurer reported approximately $4,685,987 in combined capital and surplus in its most recent (2010) audited annual statutory financial statement, and combined capital and surplus per its most recent quarterly statutory statement (unaudited) of approximately $6,032,196 as of September 30, 2011. Its capital and surplus will not change as a result of the consummation of the transactions that the Merger Agreement contemplates. (Joint Exhibit J-13, Sanders Affidavit ¶¶ III.A & III.C.)

4.

The Insurer engages actively and exclusively in the business of Medicare Advantage ("MA") and Medicare Advantage-Part D ("MAPD") plans pursuant to contracts with the Centers for Medicare and Medicaid Services ("CMS"). The Insurer neither has any commercial enrollment nor provides Medicaid coverage to enrollees, although some of its members in MA or MAPD plans are dually enrolled in both Medicare and Medicaid. (Joint Exhibit J-12, Novello Affidavit ¶¶ 9&10.) Its net premium income during 2010, all from its CMS contracts, approximated $35.8 million. That comprised approximately 0.23% of the total health insurance premium market in Georgia that year. By comparison, during 2010 various Humana subsidiaries wrote approximately $839.6 million of heath insurance premiums in Georgia, representing about 5.44% of the total health premium market in the State. Thus, for purposes of illustration, had the Insurer been owned by Humana during 2010, their combined market share of total health premiums in Georgia would have been approximately 5.67%. (Joint Exhibit J-7.)

5.

Humana is a publicly held company, with its common stock listed on the New York Stock Exchange, and is one of the country's largest health insurance and related wellness services providers. Through subsidiaries, it engages *inter alia* in the business Medicare and commercial fully-insured medical and specialty health insurance benefits. Humana contracts through multiple subsidiaries with CMS under the Medicare Advantage program to provide comprehensive health insurance benefits, including wellness programs, to Medicare beneficiaries under HMO, PPO, and PFFS plans. Humana also contracts with CMS to offer prescription drug plans. As of December 31, 2010, Humana's total MA Plan membership in Georgia was approximately 47,000, and its Georgia MAPD membership was approximately 34,900. For 2010, Humana reported consolidated revenues of approximately $33.87 billion and net income of approximately $1.1 billion. Its public periodic filings with the U.S. Securities and Exchange Commission indicate increased revenues and anticipated profitability for 2012. (Joint Exhibit J-1 (Form A, financial statement exhibits); Joint Exhibit J-11, Lenahan Affidavit ¶¶ 3, 21 and 22.)

6.

Humsol is a Delaware corporation directly owned by Humana and formed solely for the purpose of effectuating the proposed acquisition of Acadian Management and its subsidiaries, including the Insurer, in accordance with the Merger Agreement. Humsol has no other operations and, as stated above, if and when the transactions that the Agreement contemplated are consummated, upon its merger with and into Arcadian Management, Humsol will cease to exist as a separate entity. (Joint Exhibits J-1 (Agreement); J-11, Lenahan Affidavit ¶ 4.)

7.

The terms and provisions of the Merger Agreement were determined as a result of arms' length negotiations between the parties to the Merger Agreement, namely Humana and Humsol, Arcadian Management, and those shareholders of Arcadian Management that are signatories to the Agreement. Humana and Arcadian Management each selected, retained, and had the benefit of advice from independent financial and legal advisors, and the signatory shareholders of Arcadian Management designated in the Merger Agreement a "Stockholders Representative" for certain specified purposes. The terms of the proposed transaction have been approved by the boards of directors of Humana and of Humsol and by both the board of directors and a sufficient majority of the shareholders of Arcadian Management. (Joint Exhibit J-11, Lenahan Affidavit ¶ 27; Joint Exhibit J-12, Novello Affidavit ¶¶ 17-19.)

8.

The Applicants have no plans or proposals to liquidate the Insurer, to sell its assets, to consolidate or merge it with any other person, or to make any other material change in its business or corporate structure. Promptly after Closing, Humana plans to replace the Insurer's current directors and executive officers with persons holding senior positions with various Humana companies, all of whom the Applicants have identified to the Department, and all of whom have submitted biographical materials to the Department. The present corporate structure of the Insurer, a Georgia domiciled HMO, is as a wholly owned subsidiary of Arcadian Management. After the acquisition of control, that structure will remain unchanged, except that Arcadian Management will, in turn, be wholly owned by Humana instead of being owned by its current shareholders. (Joint Exhibit J-1 (organization charts); Joint Exhibit J-11 ¶¶ 14, 30.)

The Applicants have no plans or proposals to make any material changes in the Insurer's business as a result of the proposed acquisition of control including, without limitation, plans or proposals to re-domesticate the Insurer. The Applicants intend to retain all operational employees of the Insurer, other than those executive officers who will be replaced as explained. At the Department's request, the Applicants submitted confidential, proprietary proforma financial projections for the Insurer for a limited period after Closing, which are consistent with these plans. (Joint Exhibit J-11, Lenahan Affidavit ¶¶ 30 & 31; Joint Exhibit J-6.)

9.

Regulatory Services concluded that the competence, experience, and integrity of those persons who will control the operations of the Insurer are satisfactory. (Transcript pgs. 13-14; Joint Exhibit J-13, Sanders Affidavit ¶ III.F.) After the proposed acquisition of control, the Insurer will be controlled directly by Arcadian Management and indirectly by Humana. As stated, Humana intends to replace the Insurer's directors and executive officers with designated Humana personnel, but with that important exception does not intend to make any changes to the management or staff of the Insurer. (Joint Exhibit J-11, Lenahan Affidavit ¶¶ 19, 31.) The persons identified to serve as the Insurer's new directors and executive officers have submitted extensive biographical affidavits in connection with the Form A. (Joint Exhibit J-1; Joint Exhibit J-17.) Background investigations performed by an independent third party have also been conducted of those individuals and the results thereof have been presented to the Department. (Joint Exhibit J-13, Sanders Affidavit, p. 6.)

10.

No issues of fact or law have been raised by Regulatory Services that would suggest grounds for disapproving the Applicants' proposed acquisition of control of the Insurer. The witness for the Department, Scott Sanders, testified by affidavit that "there do not appear to be any reasons pursuant to O.C.G.A. § 33-13-3 for the Commissioner to disapprove this transaction." (Joint Exhibit J-13, Sanders Affidavit, p. 14.) The witness called on behalf of the Applicants, Joan O. Lenahan, Vice President and Corporate Secretary of Humana Inc. and Humsol, Inc., testified by affidavit that the Applicants believe that they have satisfied all relevant statutory criteria in the Georgia Insurance Code for approval of the Form A application. (Joint Exhibit J-11, Lenahan Affidavit ¶¶ 14-38.) The witness called on behalf of the Insurer and Arcadian Management testified by affidavit to the like effect. (Joint Exhibit J-12, Novello Affidavit, ¶¶ 12-24.) As all these witnesses concluded, approving the proposed acquisition of control will be in the best interests of and beneficial to the Insurer, its policyholders, and ultimately to Georgia's purchasers of health insurance, in particular through MA and MAPD plans. (Joint Exhibits J-11, Lenahan Affidavit ¶ 20; J-12, Novello Affidavit ¶ 16; J-13, Sanders Affidavit p. 13.)

CONCLUSIONS OF LAW

1.

The Form A application of the Applicants for approval of the acquisition of control of the Domestic Insurers complies with the procedural requirements of O.C.G.A. § 33-13-3. Pursuant to O.C.G.A. § 33-13-3, the Applicants have duly filed with the Commissioner a Form A application, supplemented by responses to questions and requests posed by the Department, for the acquisition of control of the Domestic Insurers and have complied with all requirements of the Georgia Insurance Code necessary for the review and approval of such application by the Commissioner. The Applicants have complied with all procedural requirements of the Georgia Insurance Code and the Notice of Public Hearing for the Commissioner to grant approval of said proposed acquisition of control.

2.

The evidence supports a conclusion that the Domestic Insurer presently satisfies the requirements under the Georgia Insurance Code for issuance of a license to the Insurer as a Medicare health maintenance organization, as it is presently licensed. The evidence also supports a conclusion that, after the proposed acquisition of control, the Insurer will continue to satisfy the requirements under the Georgia Insurance Code for issuance of a license as a Medicare HMO, as it is presently licensed. (Joint Exhibit J-11, Lenahan Affidavit ¶¶ 14; Joint Exhibit J-13, Sanders Affidavit p. 12.) Thus, the proposed acquisition of control satisfies the standard stated in O.C.G.A. § 33-13-3(f)(1)(A).

3.

Through various subsidiaries previously licensed in this State, the Applicant presently conducts business in Georgia, primarily as a health insurer and HMO. Among those subsidiaries is an HMO that operates MA and MAPD plans pursuant to contracts with CMS. During 2010 various Humana subsidiaries wrote approximately $839.6 million of heath insurance premiums in Georgia, representing about 5.44% of the total health premium market in the State. The Insurer operates in Georgia exclusively as a MA and MAPD HMO. Its net premium income during 2010, all from its CMS contracts, approximated $35.8 million. That comprised approximately 0.23% of the total health insurance premium market in Georgia that year. For purposes of illustration, had the Insurer been owned by Humana during 2010, their combined market share of total health premiums in Georgia that year would have been approximately 5.67%. (Joint Exhibit J-7.) Therefore, it appears based upon the available evidence that the proposed acquisition of control will not tend to create a monopoly in the insurance or health insurance business in the State of Georgia. (Joint Exhibit J-13, Sanders Affidavit, p. 13.) Nor does it appear based upon the available evidence that the proposed merger will substantially lessen competition in insurance or health insurance in the State of Georgia. (Id.) Thus, the proposed acquisition of control satisfies the standard stated in O.C.G.A § 33-13-3(f)(1)(B).

4.

The evidence supports the conclusion that the financial condition of the Applicants, and in particular that of Humana, does not jeopardize the financial stability of the Insurer or prejudice the interests of the Domestic Insurers' securityholders. The Insurer, which is the risk bearing entity, will ultimately be a subsidiary of Humana, a large well-capitalized insurance holding company system. (Joint Exhibit J-11, Lenahan Affidavit ¶¶ 20-21; Joint Exhibit J-13, Sanders Affidavit, p.13.) Thus, the proposed acquisition of control satisfies the standard stated in O.C.G.A. § 33-13-3(f)(1)(C).

5.

The evidence supports the conclusion that the terms of the transactions contemplated by this Form A are fair and reasonable to the securityholders of the Domestic Insurers. (¶ 4 of Findings of Fact) Thus, the proposed acquisition of control in Georgia satisfies the standard stated in O.C.G.A. § 33-13-3(f)(1)(D).

6.

The evidence supports the conclusion that the Applicants have no plans or proposals to liquidate the Domestic Insurers, to sell assets or to consolidate or merge either with any person, or to make any other material change in its business or corporate structure (aside from Humana's becoming its ultimate controlling person). Further, the proposed changes in the board of directors and executive officers of the Domestic Insurers are fair and reasonable to the policyholders of the Insurer and are in the public interest. (Joint Exhibit J-11, Lenahan Affidavit ¶¶ 30-32; Joint Exhibit J-13, Sanders Affidavit p. 14; Joint Exhibit 17) Thus, the proposed acquisition of control satisfies the standard stated in O.C.G.A. § 33-13-3(f)(1)(E).

7.

The evidence supports a conclusion that the competence, experience, and integrity of the prospective members of the Domestic Insurers' Board of Directors and its prospective executive officers, all of whom are presently associated with Humana or its subsidiaries, are in the best interests of the members or policyholders of the Insurer and of the public of the State of Georgia. (Joint Exhibit J-11, Lenahan Affidavit ¶¶ 33-38; Transcript pp. 13, 14, 17; Joint Exhibit J-13, Sanders Affidavit, p. 14.) The management of the Applicants has demonstrated that it has knowledge of the insurance and related services industries. (Joint Exhibit J-13, Sanders Affidavit, p. 14.) None of the members of the Applicants' boards of directors or management has ever been convicted of a felony. (Joint Exhibit J-1, Form A Statement at p. 8; Joint Exhibit J-11, Lenahan Affidavit ¶ 33, 38.) Thus, the proposed acquisition of control satisfies the standard stated in O.C.G.A. § 33-13-3(f)(1)(F).

8.

The evidence of record supports the conclusion that the proposed acquisition of control satisfies the statutory criteria for approval as specified in O.C.G.A. § 33-13-3(f).

WHEREFORE, it is hereby **ORDERED** that the request for approval of the acquisition of control of the Georgia domestic insurer, Arcadian Health Plan of Georgia, Inc., a health maintenance organization, **IS HEREBY APPROVED;** subject, however, to the condition that, the Applicants submit, within 120-days of the execution of this Order, evidence satisfactory to the Commissioner that the proposed transaction has been approved or otherwise cleared under the federal Hart-Scott-Rodino Antitrust Improvement Act, as amended and in now in effect. The Commissioner may, however, extend the time period upon written request of the Applicant if he deem such an extension to be appropriate. If the condition of this paragraph is not fulfilled before the lapse of the applicable time period, the Commissioner shall terminate this Order through a subsequent Order, without prejudice to the Applicants' rights to amend or to withdraw, and possibly later to refile, the Form A or a similar Form A.

In addition it is hereby **ORDERED** that the Consent Order in Case Number 2006C-088, dated July, 13, 2006, is terminated, subject to the same conditions as the approval of the instant Form A.

Given under my Hand and Official Seal this 16th day of December, 2012.

Ralph Hudgens

RALPH T. HUDGENS
INSURANCE AND SAFETY FIRE COMMISSIONER
STATE OF GEORGIA

NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

IN THE MATTER OF THE ACQUISITION OF CONTROL OF ARCADIAN HEALTH PLAN OF NORTH CAROLINA, INC. BY HUMANA INC.

ORDER

Pursuant to the provisions of North Carolina General Statute (hereinafter, "N.C.G.S.") 58-19-15, a Form A was filed with the North Carolina Commissioner of Insurance (hereinafter, the "Commissioner") dated September 14, 2011, and revised on September 26, 2011, in connection with the proposed acquisition of control of Arcadian Health Plan of North Carolina, Inc. by Humana Inc.

After reviewing the proposed transaction, the undersigned makes the following:

FINDINGS OF FACT

1. Arcadian Health Plan of North Carolina, Inc. (hereinafter, "Arcadian") is a North Carolina domiciled health maintenance organization whose statutory home office is in Raleigh, North Carolina.

2. Arcadian Management Services Inc. (hereinafter, "AMS") is a Delaware corporation and the ultimate parent of Arcadian.

3. Humana Inc. (hereinafter, "Humana") is a publicly held Delaware corporation, and its common stock is listed on the New York Stock Exchange.

4. Humsol Inc. (hereinafter, "Humsol") is a wholly-owned subsidiary of Humana formed for the purpose of effecting the proposed acquisition.

5. Humana proposes to effect the acquisition through a merger of Humsol with and into AMS, with AMS surviving the merger. Following the merger, Humana will own 100% of AMS.

6. Humana intends to pay a purchase price of approximately $150 million in cash to effect the acquisition of AMS.

7. No person shall enter into an agreement to acquire or merge with a North Carolina domestic insurer or any person controlling a domestic insurer unless such an agreement is conditioned upon the approval of the Commissioner pursuant to N.C.G.S. 58-19-15(a). No such acquisition or merger shall be effective until a statement containing the information required by N.C.G.S. 58-19-15(a) has been filed with the Commissioner and the acquisition or merger has been approved by the Commissioner.

8. A review of the statement filed pursuant to the provisions of N.C.G.S. 58-19-15(a) revealed no reasons, financial or otherwise, that would warrant a disapproval of the acquisition by the Commissioner.

9. Humana represents that following the acquisition, there are no current plans or proposals by Humana to have Arcadian declare an extraordinary dividend, to liquidate Arcadian, to sell Arcadian's assets, to merge or consolidate Arcadian with any person or persons, or to make any other material change in Arcadian's business operations or corporate structure. Certain officers and directors of Arcadian will be replaced by persons who are current officers and directors of Humana or Humsol. There are no current plans to change the operational personnel at Arcadian.

CONCLUSIONS OF LAW

1. No person shall enter into an agreement to acquire or merge with a North Carolina domestic insurer unless such an agreement is conditioned upon the approval of the Commissioner pursuant to N.C.G.S. 58-19-15(a). No such acquisition or merger shall be effective until a statement containing the information required by N.C.G.S. 58-19-15(a) has been filed with the Commissioner and the acquisition or merger has been approved by the Commissioner.

2. The proposed transaction (i) will not substantially lessen competition in insurance or tend to create a monopoly in the State of North Carolina; (ii) will not jeopardize or prejudice the interests of the policyholders of Arcadian; (iii) the future plans of Humana are not unfair or unreasonable to the policyholders of Arcadian and are not against the public's interest; (iv) the competence, experience and integrity of the persons who control Humana do not threaten the interests of the policyholders of Arcadian or those of the public at large; and (v) the acquisition is not likely to be hazardous nor prejudicial to the insurance-buying public in the State of North Carolina.

IT IS THEREFORE ORDERED:

That the acquisition of Arcadian by Humana is hereby approved. This approval is based on the Findings of Fact and Conclusions of Law herein stated. The acquisition of control shall be consummated within ninety (90) days of the execution of this Order. In the event the transaction does not occur within the prescribed time, this Order will be vacated.

ISSUED under my hand and official seal, this the 9th day of November, 2011.

Wayne Goodwin

Wayne Goodwin
Commissioner of Insurance