

## **COVENTRY HEALTH CARE, INC.**

### **COMPENSATION COMMITTEE CHARTER**

#### **Purpose of the Compensation Committee**

The Board of Directors has established the Compensation Committee of the Board to (1) evaluate and approve the executive compensation policies and plans of the Company with the objective of providing incentive based compensation which is in alignment with the business of the Company and the interests of its stockholders, (2) determine the compensation for the Chief Executive Officer and evaluate and approve the compensation of the other executive and senior officers (Senior Management) of the Company, and (3) recommend to the Board the compensation for the non-management directors. The Committee shall also prepare a compensation committee report to be included in the Company's annual proxy statement as required by, and in accordance with, applicable rules and regulations.

#### **Members of the Compensation Committee**

The Committee must be comprised of at least three and no more than five members of the Board. The Committee must be comprised solely of independent directors, as defined below.

An independent director can not be an officer or employee of the Company or its subsidiaries and can not have any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and shall otherwise satisfy the applicable membership requirements set out in the rules of the New York Stock Exchange for listed companies and the regulations thereunder, as amended from time to time.

No Committee member shall have an interest in the Company that would preclude his or her ability to act on behalf of all the stockholders of the Company. A Committee member shall receive the compensation paid to him or her in their capacity as a member of the Board and as a member of the Committee, in each case as recommended by this Committee and approved annually by the Board.

No Committee member may participate in the discussions with respect to, or vote on, any matter unless he or she is independent with respect to such matter. If there is any basis for believing a Committee member is not independent with respect to such matter, the facts and circumstances should be reported to the General Counsel and to the Board, and the member should recuse himself or herself until the Board, or a committee of independent directors, has determined that the Committee member is independent with respect to such matter.

The members of the Committee shall be recommended by the Nominating/Corporate Governance Committee and appointed by the Board. Each member of the Committee shall serve until such member's successor is appointed or until such member's earlier resignation or removal. Any member may resign his or her position as a member of the Committee upon notice given in writing or by electronic transmission to the Board. A member may be removed from the Committee upon the majority vote of the sitting members of the Board. If a Chair of the Committee is not appointed by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### **Responsibilities of the Compensation Committee**

The responsibilities of a member of the Committee are in addition to those responsibilities set out for a member of the Board. Each member of the Committee will be compensated separately for his or her service.

The Committee is responsible to the Board for the following activities:

- Annually review, evaluate and approve the goals, objectives and criteria for the Company's executive compensation plans and periodically review an analysis of the competitiveness of the total compensation and benefits practices of the Company in relation to the Company's peer group or other applicable benchmarks;
- Annually review, evaluate and approve all incentive based compensation plans and any amendments thereto and, if required, submit to Board for approval;
- Annually review, evaluate and submit to the Board and the Company's stockholders for approval, all equity based compensation plans and any amendments thereto that are subject to Board or stockholder approval;
- Annually review and evaluate the performance of the Chief Executive Officer in connection with the Company's executive compensation plans and any other matter relating to the Chief Executive Officer's compensation that the Committee considers appropriate, and based upon this evaluation, determine the compensation (includes base salary, equity based awards, incentive based bonuses and perquisites) to be paid to the Chief Executive Officer;
- Annually review, evaluate and approve compensation (includes base salary, equity based awards, incentive based bonuses and perquisites) for Senior Management;
- Annually review, evaluate and make recommendations to the Board concerning the compensation for non-management directors for service on the Board and committees of the Board;

- Establish new employee or director deferred compensation plans or qualified retirement plans or adopt or merge acquired deferred compensation plans or qualified retirement plans as may be appropriate from time to time;
- Annually review and evaluate the adequacy of the Company's employee benefit plans and, if deemed appropriate, terminate any such employee benefit plans;
- Delegate to the Chief Executive Officer or other designee the authority to amend or modify any employee benefit plans and otherwise act on behalf of the Company with respect to any actions with respect to the employee benefit plans not specifically delegated to the Chief Executive Officer;
- Review and discuss with the Company's management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K under the Securities Act of 1933 and determine, based upon the Committee's discussion with management, whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual report or proxy statement as required by, and in accordance with, applicable rules and regulations;
- Prepare a compensation committee report to be included in the Company's annual proxy statement as required by, and in accordance with, applicable rules and regulations; and
- Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation, Bylaws, and governing law as the Committee or the Board deems necessary or appropriate.

### **Meetings**

The Committee shall meet at least on a semi-annual basis and may from time to time require specially called meetings, as deemed necessary by the Chair of the Committee. The Chair of the Committee will preside at each meeting of the Committee and shall set the length of each meeting and the agenda of items to be addressed at each meeting. The Committee shall meet in executive session when assessing the performance of and determining the compensation for or incentives to the Chief Executive Officer and at such other times as the Chair or the Committee may determine.

### **Subcommittees**

The Committee may, by resolution passed by a majority of the members of the Committee, designate one or more subcommittees, each subcommittee to consist of one or more of the members of the Committee and each such committee must have a published charter. The Committee may delegate such authority to a subcommittee as the Committee deems appropriate.

## **Reporting**

The Committee shall maintain written minutes of all meetings and consent actions, which shall be recorded or filed with the books and records of the Company and made available to the Board. The Committee will make regular reports to the Board with respect to its activities. Reports of significant matters presented at meetings of the Committee will be given by the Chair of the Committee to the Board, as required by law, regulations, or applicable New York Stock Exchange listing requirements.

## **Assistance from Others**

The Committee may engage external advisors and compensation consultants, to the extent determined appropriate by the Committee, to facilitate the performance of the functions of the Committee. All external advisors engaged by the Committee shall report directly to the members of the Committee. Specifically, the Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the Committee's evaluation of director, Chief Executive Officer or senior executive compensation and shall have the sole authority to approve the consultant's fees and other retention terms. The Committee has the same authority to retain other experts to advise or assist it, including independent counsel, accountants, financial analysts or others. The Committee may also request reports from the Chief Executive Officer, the Chief Financial Officer, the Vice President of Human Resources or any other officer of the Company.

## **Performance Evaluation**

Each year, the Committee shall review and assess the adequacy and appropriateness of this charter and the Committee's own performance. The results of such evaluation and any proposed changes shall be presented to the full Board.