

# **Cross and Blue Shield of Kansas City Compensation Committee Charter**

Approved by the Board on March 28, 2003  
Amended and Reaffirmed by the Board on May 12, 2004  
Reaffirmed by the Board on May 18, 2005  
Amended and Reaffirmed by the Board on May 17, 2006  
Amended and Reaffirmed by the Board on May 16, 2007  
Reviewed by the Compensation Committee on April 22, 2008 (no changes recommended)  
Reviewed by the Compensation Committee on April 13, 2010 (recommended change to Compensation Committee)  
Amended and Reaffirmed by the Board on May 12, 2010  
Reviewed and Reaffirmed by the Compensation Committee on March 6, 2012  
Reviewed and Reaffirmed by the Compensation Committee on March 7, 2013

The purpose of the Compensation Committee is to provide oversight review of compensation and benefits of the directors, management and employees of the corporation. The Committee shall evaluate, recommend or approve, as appropriate, as well as report to the Board of Directors on matters concerning the Company's Performance and Rewards Strategy, including management performance, employee compensation and Compensation policies, programs and plans, in accordance with the Executive Performance and Rewards Decision Accountability Matrix. The following documents shall be permanent attachments to the Compensation Committee Charter:

1. Executive Compensation and Incentives Reference Guide, approved by the Board on October 9, 2005, then updated and approved by the Compensation Committee and Board on March 25, 2007.
2. Executive Performance and Rewards Accountability Matrix, approved by the Board December, 2001.

## **AUTHORITY**

The Compensation Committee derives its authority from the Bylaws of the Corporation. In discharging its duties, the Compensation Committee shall have sole authority to retain and terminate a compensation consultant to assist in the evaluation of director, CEO or senior executive compensation, or other advisors, as the Committee deems necessary to discharge its duties and responsibilities. The Committee shall have sole authority to approve the consultant's or other advisor's fees and other terms of service.

## **RESPONSIBILITIES**

1. The Committee shall review compensation, including benefits and perquisites, of the Board of Directors and shall make recommendations to the Board of Directors regarding said compensation and benefits.
2. The Committee shall review the compensation, including benefits and perquisites, of the President and Chief Executive Officer and shall make recommendations to the Board of Directors regarding said compensation of the President and Chief Executive Officer.

3. The Committee shall review and approve senior executive officer compensation, including incentive compensation programs and perquisites. The committee shall review non-senior executive officer compensation, including incentive programs and perquisites. Upon review and/or approval, the Committee will, with the assistance of the BCBSKC Human Resources Department, oversee administration of the Company's incentive compensation programs and perquisites, including the annual incentive compensation program ("MICP"/"EICP"), the Long Term Incentive Program ("LTIP"), the Executive Deferred Compensation Program, and the Supplemental Executive Retirement Program ("SERP").
4. The Committee shall review all proposed officer employment contracts, severance agreements and/or change of control agreements and make recommendations to the Board of Directors on such agreements.
5. The Committee shall review all candidates for the position of Executive Vice President and shall make recommendations to the Board of Directors regarding such candidates.
6. Conduct an annual performance evaluation of the Committee (including its effectiveness and compliance with this Charter) and the adequacy of this Charter. Recommend any proposed changes to the Board for approval.

## **COMPOSITION AND ORGANIZATION**

The Compensation Committee shall be composed of a minimum of three (3) non-management members (but no maximum) of the Board of Directors. All members of the Compensation Committee must be Independent, as defined by the Board in the BCBSKC Code of Corporate Governance. Members of the Committee and its Chairman are appointed by the Chairman of the Board with ratification by the Board. The Committee shall be a standing committee and shall make reports and provide recommendations to the Board of Directors regarding matters which have been reviewed and discussed at the Committee level.

## **MEETINGS**

The Committee will meet with the frequency and timing necessary to fulfill its duties as needed throughout the year. All Committee members are expected to attend each meeting, in person. Occasional participation via tele- or video-conference is permitted; however, in person attendance is preferred. Minutes will be prepared for approval.

## **REPORTING RESPONSIBILITIES**

This Committee will regularly report to the Board of Directors about Committee activities, issues, and related recommendations.