

# INSIDER TRADING AND CONFIDENTIALITY POLICY

## COVENTRY HEALTH CARE, INC. SUMMARY OF POLICY REGARDING INSIDER TRADING AND CONFIDENTIALITY

**Extremely Important:** All nonpublic information about Coventry Health Care, Inc. or the companies it owns (together, the “Company” or “Coventry”) and the companies it owns is considered to be confidential. This information must be protected from misuse by others. Heavy penalties can be imposed under federal laws for giving inside information to unauthorized persons.

Please note the following key points in the Policy:

- **This Policy is applicable to all directors, officers and employees of the Company.**
- If you misuse any company information, you can be immediately dismissed.
- **Do not** give or tell any nonpublic information about Coventry and/or other firms with which the Company works closely to any unauthorized persons, **not even to family members.**
- **Do not** buy or sell Coventry’s stock if you have any material company information that the public does not know.
- Only buy or sell Coventry’s stock during an open window period generally beginning on the 3rd business day after an earnings press release.
- You will receive an e-mail announcing the opening and closing of an open window period.
- You must get advance clearance before you trade in Coventry stock by sending a request to [ssmith@cvty.com](mailto:ssmith@cvty.com).
- The possible penalties to you, the employee, for violating the law are severe:
  - Civil penalties up to \$1 million or 3 times the profit you gained (or loss you avoided);
  - Criminal fines of up to \$5 million; and/or
  - Jail sentences of up to 20 years.
- **Do not** engage in speculative transactions in Coventry’s stock.
- **Do not** engage in transactions designed to limit or eliminate economic risks you may have as a result of owning Coventry’s stock.
- **Do not** discuss company business with the news media, securities analysts or investors.

All persons subject to this Policy must complete the certification at the end of this Statement of Policy and return it to their Human Resources representative or other designated person. If you have any questions, contact Laura Kelley, Coventry’s Chief Compliance Officer, at 301-581-5715. Thank you for your cooperation.

**COVENTRY HEALTH CARE, INC.  
STATEMENT OF POLICY REGARDING INSIDER TRADING  
AND CONFIDENTIALITY**

**This Policy is Applicable to All Directors, Officers and Employees of the Company.**

**The Need for a Policy Statement**

*No Insider Trading*

The purchase or sale of securities while in possession of material nonpublic information (“insider trading”) or the selective disclosure of such information to others who may trade (“tipping”) is prohibited by federal and state laws. Insider trading or tipping also compromises Coventry Health Care, Inc.’s (the “Company”) reputation for integrity and ethical conduct, a reputation that the Company and its directors, officers and employees have all worked hard to establish and cannot afford to have damaged.

The Company has adopted the following policy with respect to purchases and sales of Company securities by directors, officers and employees who may have material nonpublic information about the Company and about other firms with which it works closely. Each person is responsible for ensuring that he or she does not violate federal or state securities laws or the Company’s policy concerning insider trading. This policy is designed to promote compliance with the federal securities laws and to protect the Company, as well as all directors, officers and employees, from the very serious liabilities, penalties and damages that can result from violations of these laws.

Potential penalties for insider-trading violations include civil penalties of up to three times the profit gained or the loss avoided by the trading, criminal fines of up to \$5 million and jail sentences of up to 20 years. In addition, a company whose director, officer or employee violates the insider trading laws may be liable for a civil penalty of up to the greater of \$1 million or three times the profit gained or loss avoided as a result of any such insider trading violations, and a criminal fine of up to \$5 million.

*No Hedging*

The Company has also adopted the following policy to ensure that directors, officers and employees do not engage in any hedging transactions designed to limit or eliminate the risks from owning the Company’s stock. The Company grants stock-based awards to directors, officers and employees so as to, among other reasons, align their interests with the interests of the shareholders. However, if any such director, officer or employee were permitted to eliminate the economic risks of owning Company stock, then his or her economic interests would no longer be aligned with those of the shareholders generally.

A director, officer or employee who violates the insider trading laws or this policy may also face sanctions from the Company, including termination for cause. Additionally, any penalty—even an investigation which does not result in prosecution—can tarnish one’s reputation and irreparably damage a career.

## The Company's Policy

No director, officer or employee of the Company may trade in the stock or other securities of any firm when they know "material nonpublic information" about the firm. The restrictions on insider trading apply to all trading in Company securities. It also includes trading securities of other firms, such as significant customers or suppliers of the Company and those with which the Company may be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to the Company may nevertheless be material to one of those other firms.

"Trading" includes purchases and sales of common stock (or any class of capital stock), options, puts, calls and other similar securities. This policy includes trades made pursuant to any investment direction under employee benefit plans as well as trades in the open market. For example, sales of stock acquired through transactions in the self-directed portion of the Company's 401(k) plan are covered by this policy. This policy also applies to the exercise of options with an immediate sale of some or all of the shares through a broker. In addition, transactions involving securities held by or in the name of entities such as trusts, corporations and partnerships in which a director, officer or employee has an interest may also be restricted. Any person with questions about whether a transaction being considered may be covered by this policy should seek advice from the Company's General Counsel or Chief Compliance Officer who has been designated to monitor compliance with this policy.

No person may pass material nonpublic information regarding the Company or other firms with which it works on to others or recommend to anyone the purchase or sale of any securities on the basis of such information. This practice, known as "tipping," also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, whether or not that person derives any benefit from another's actions. To avoid tipping (or even creating the appearance of tipping) do not discuss material nonpublic information in any place where such conversations might be overheard (i.e., in restaurants, elevators or airplanes), and do not write about the Company or its business in Internet "chat rooms" or other discussion forums.

The same restrictions apply to family members and other persons living in the household of a director, officer or employee. All persons subject to this policy are expected to be responsible for the compliance of the members of their immediate family and personal household. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception to the policy. Even the appearance of an improper transaction should be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Because of the unique potential for abuse of material nonpublic information, it is also the Company's policy that directors, officers and employees may not engage in short-term speculative transactions involving trading in Company securities. In addition, because Company stock awards are granted to align the interests of directors, officers and employees with the interests of the shareholders, directors, officers and employees are not permitted to engage in transactions designed to limit or eliminate economic risks arising from owning Company stock. Therefore, the following activities with respect to Company securities are prohibited:

1. Trading on a short-term basis. Any Company security purchased must be held for a minimum of six months before sale, unless the security is subject to a forced sale as a consequence of a merger or similar circumstance.

(Transactions in the Company's 401(k) Plan are not subject to this limitation, except in certain limited circumstances involving senior executive officers who are Section 16 reporting persons.)

2. Margin purchases (purchasing stock with borrowed funds), except for the exercise of employee stock options.
3. Short sales (selling stock that is borrowed in anticipation of a drop in price).
4. Hedging ownership in Coventry's stock in any way, including trading in publicly-traded options, puts, calls or other derivative instruments related to Coventry stock or debt.

Directors, officers and employees may buy or sell Coventry's stock only during an open window period, which generally begins on the 3rd business day following the Company's quarterly earnings release and closes on the first day following the end of the quarter in which the window is opened (unless sooner notified that the window will close earlier) (an "Open Window Period"). All directors, officers and employees will receive an e-mail announcing the opening and closing of an Open Window Period. Any person who wishes to buy or sell Coventry stock during an Open Window Period, **must get advance clearance**. All requests for clearance to buy or sell Coventry stock should be sent by e-mail to Shirley Smith at [ssmith@cvtv.com](mailto:ssmith@cvtv.com). This includes the purchase and sale of Coventry stock on the open market, the exercise and sale of Coventry stock options, or the sale of Coventry's restricted stock.

Employees do not need prior clearance to buy or sell Coventry shares held in their 401(k) Plan or RESTORE accounts *as long as* any such employee complies with the divestiture and approval policy (See "How To Trade Coventry Stock" by going to [rps.troweprice.com](http://rps.troweprice.com), log in, click on the name of the plan, click "Continue", click again on the name of the plan, which will take you to "Account Information" and under "Account at a Glance", click on "How To Trade Coventry Stock"). All transactions, including any changes to an employee's voluntary contributions made through payroll deduction for the purchase of Coventry stock must be made during an Open Window Period.

## Definition of Material Nonpublic Information

**Material Information.** Information is material if there is a substantial likelihood that a reasonable investor could consider it important in deciding whether to buy, hold or sell a security. Therefore, any information that could reasonably be expected to affect the price of a security is material. Common examples of material information are:

- Projections of future earnings or losses or changes in such projections.
- Actual changes in earnings.
- A pending or prospective joint venture, merger, acquisition, tender offer or financing.
- A significant sale or purchase of assets or disposition of a subsidiary.

- A gain or loss of a significant contract, customer or supplier or significant material changes in the profitability status of a current significant contract.
- The development or release of a new product or service.
- Changes in a previously announced schedule for the development or release of a new product or service.
- Changes in management, other major personnel changes or labor negotiations.
- Significant increases or decreases in dividends or the declaration of a stock split or the offering of additional securities.
- Financial liquidity problems.

Both positive and negative information can be material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided. If a person learns something that leads him or her to want to buy or sell stock, chances are that information will be considered material in any subsequent investigation or litigation.

**Nonpublic Information.** Nonpublic information is information that is not generally known or available to the public. Information is considered to be available to the public only when (i) it has been released to the public through appropriate channels, e.g., by means of an announcement on the Dow Jones broad tape, a wire service such as AP or UPI, radio, television, newspapers and magazines of wide circulation or documents filed with the Securities and Exchange Commission, and (ii) enough time has elapsed to permit the investment market to absorb and evaluate the information. As a general rule, information is considered nonpublic until the third business day after public disclosure.

## **Confidentiality Procedures**

Maintaining the confidentiality of Company information is essential for competitive, security and other business reasons, as well as to comply with securities laws. All information a person learns about the Company or its business plans in connection with his or her employment or director position is potentially “inside” information until publicly disclosed by the Company. Such person should treat all such information as confidential and proprietary to the Company. Such person may not disclose the information to others, including but not limited to, family members, other relatives or business or social acquaintances who do not need to know it for a legitimate business reason.

Directors, officers or employees who are in possession of material nonpublic information about the Company should therefore take steps to ensure that the confidentiality of such information is protected. Such steps may include: adopting code names, using passwords for computerized information, shredding confidential documents, locking files and desk drawers containing sensitive information, labeling documents “confidential,” limiting the copying of sensitive documents and maintaining a record of other employees who request access to confidential documents or files.

*Also, the timing and nature of the Company's disclosure of material information to outsiders is subject to legal rules, the breach of which could result in substantial liability to the "tipping" person or persons, the Company and its management. Accordingly, it is important that only specifically designated representatives of the Company discuss the Company and its affiliates and subsidiaries with the news media, securities analysts, and investors. Inquiries of this type received by an employee should be referred to the Company's Chief Financial Officer, who is in charge of Investor Relations.*

### **Personal Responsibility; Assistance**

Each person should remember that the ultimate responsibility for adhering to this policy and avoiding improper trading or tipping rests with him or her. In this regard, it is important that each person use his or her best judgment. **If a director, officer or employee violates this policy, the Company may take disciplinary action, including termination for cause.** This policy continues to apply to transactions by those who have ended their relationship with the Company. Anyone in possession of material, nonpublic information may not trade in Company securities until the information becomes public or is no longer material. **Compliance with this policy by all directors, officers and employees is of the utmost importance for all such persons and for the Company. Any person who has questions about the application of this policy to any particular situation should seek guidance from the Company's General Counsel or Chief Compliance Officer.**

**CERTIFICATION**

I acknowledge that I have received a copy of the Company's Statement of Policy Regarding Insider Trading and Confidentiality and certify that I have read, understand and will comply with the policies and procedures set forth in such document. I understand that my failure to comply in all respects with the Company's policy covering securities trading and confidentiality can be a basis for termination with cause from the Company and any subsidiary thereof.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_