

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

COMPENSATION COMMITTEE CHARTER

Purpose:

The purpose of the Compensation Committee is to establish the general compensation philosophy of Blue Cross & Blue Shield of Rhode Island (the "Corporation) and, consistent with such philosophy, to develop proposed guidelines for approval by the Board of Directors (the "Board"), for compensation of all officers of the Corporation as well as employees and directors, where appropriate.

Membership:

The Compensation Committee shall be a standing committee of the Corporation's Board. The members shall be appointed by the Board and shall meet the independence requirements which may be adopted by the Board from time to time.

Roles and Responsibilities:

1. *Development of Compensation Guidelines for Officers.* Develop and recommend compensation guidelines consistent with the Corporation's general compensation philosophy, which shall address reasonable compensation and benefit programs, including salary, incentives, bonuses, perquisites and severance agreements, if any, for all officers of the Corporation and which shall be presented to the Board annually. In connection with the performance of this responsibility or any of the responsibilities specified in this charter, the Committee shall have the authority to select and retain expert advisors to assist it in meeting its obligations.
2. *Development of Compensation Guidelines for All Employees.* Develop and recommend compensation guidelines, which shall address reasonable compensation and benefit programs, including incentives, salary, bonuses, and perquisites for all employees and which shall be presented to the Board.
3. *Recommend Goals and Objectives Relevant to Officer Compensation.* Recommend to the Board annually corporate goals and objectives relevant to officer compensation and incentives.
4. *Annual Compensation for Executive Officers.* Annually, recommend to the Board a compensation package for each executive officer of the Corporation, including the CEO, in light of the annual performance evaluation oversee by the Executive Committee and consistent with the compensation philosophy and guidelines of the Corporation. When recommending a compensation package, the Committee shall consider the competitiveness of the compensation and work to ensure that pay is aligned with performance.

5. Recommend Compensation and Employee Benefit Plans. Annually, make recommendations to the Board regarding the creation, amendment, modification and termination of the Corporation's compensation and employee benefit plans.

6. Board Compensation. As permitted under applicable Rhode Island law, recommend to the Board appropriate compensation for Directors of the Corporation.

7. Annual Review. Annually, conduct a review and evaluation of the Committee's performance, including compliance with this Charter.